Daily Report

Latin America

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Daily Report
Latin America

FBIS-LAT-96-111 *7 June 1996*

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Inter-American Affairs: EU Joins OAS Rejection of U.S. Law

PA0606164896 Panama City ACAN in Spanish 1222 GMT 6 Jun 96

[By Maria Luisa Azpiazu]

[FBIS Translated Excerpt] Panama City, 6 Jun (ACAN-EFE) — Even though the United States has reiterated its position regarding the application of the Helms-Burton law, the European Union (EU) has joined here the American continent's rejection of the controversial law because it believes it contains "unacceptable elements of extraterritoriality."

Sergio Barbanti, permanent observer of Italy, a country that currently holds the EU presidency, read a statement before the OAS General Assembly in Panama reiterating the EU's "deep concern" about this law.

Barbanti indicated that the Helms-Burton law contains elements that "are not compatible with the principles of the World Trade Organization (WTO) and free trade." He stressed that in the past five years, Latin America and the Caribbean have become "Europe's most dynamic markets" and therefore, are "among the region's main markets."

In this way, the EU, which as a bloc has the largest number of permanent observers in the OAS, joined the general rejection that the countries of America expressed on Tuesday at the inter-American forum.

All the countries of America, with the exception of the small Caribbean island of Dominica, which did not have a representative at the assembly at that moment, approved an unprecedented resolution instructing the Inter-American Juridical Committee to issue an opinion on the international legitimacy of the Helms-Burton law.

ACAN-EFE has learned that with a 24-hour delay, the government of Dominica sent a communique to the OAS General Assembly expressing its support for the resolution. This makes the continent's rejection of the U.S. law unanimous. [passage omitted on U.S. reaction]

Inter-American Affairs: OAS FM's on U.S. Envoy's Remarks

PA0606221496 Panama City EL PANAMA AMERICA in Spanish 6 Jun 96 p 1

[Report by Arnulfo Barroso]

[FBIS Translated Text] Foreign ministers who voted in favor of a resolution asking the OAS Inter-American Juridical Committee to determine the legality of the Helms-Burton law said yesterday the document "in no way" implies they endorse the regime of Fidel Castro. They were "annoyed" by the harsh criticisms U.S. Ambassador to the OAS Harriet Babbitt expressed against them for approving the resolution and described the language she used as "not very diplomatic."

Yesterday's session of the 27th OAS General Assembly was characterized by reporters' attempts to interview Cesar Gaviria, the OAS secretary general and former Colombian president, to ask him the reason for his quick trip to Colombia the night of 4 June.

Inter-American Affairs: OAS Head on U.S. Envoy's Remarks

PA0606225196 Panama City ACAN in Spanish 1900 GMT 6 Jun 96

[FBIS Translated Text] Panama City, 6 Jun (ACAN-EFE) — OAS Secretary General Cesar Gaviria today described as an unimportant "incident" U.S. Ambassador Harriet Babbitt's violent defense of the Helms-Burton law during the 26th General Assembly taking place in Panama.

"I believe it is up to others to judge (Babbitt's reaction). America has agreed to request an opinion from the Inter-American Juridical Committee (about the extent of the Helms-Burton law), and I believe this is the reality. The rest are events that do not need to be discussed and are not part of the underlying question," Gaviria said.

Babbitt on 4 June described as "diplomatic cowardice" the OAS General Assembly's approval of a resolution requesting that the Inter-American Juridical Committee decide whether the Helms-Burton law falls within international law. The resolution, which all the countries except the United States signed, was not part of the agenda of this and was sponsored by the Rio Group, which is comprised by 14 Latin American countries and Canada. The Rio Group believes this law, which intensifies the economic embargo against Cuba, may violate international law.

In the assembly's plenum, Babbitt asked: "Aren't certain countries ashamed of denouncing so strongly a domestic law while lacking the moral and political courage to denounce a totalitarian dictatorship" in Cuba?

The resolution that has pitted the United States against the remaining OAS members was signed by 32 of the 34 countries comprising it. The only ones not to sign were Dominica, because it was absent from this forum, and the United States.

Cesar Gaviria reminded today that the only thing the 32 countries have done is to request from the Inter-American Juridical Committee an opinion on the U.S. law, because "there is a great concern about the extraterritorial consequences of this law," he said.

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"Even though most countries respect U.S. opinions, there is, however, much anxiousness on the continent about the consequences this law may have on hemispheric relations," Gaviria said.

Gaviria replied in brief statements to questions from the press on Babbitt's reaction following a ceremony to commemorate the 170th Amphictyonic Congress in Panama summoned by liberator Simon Bolivar.

In his speech at the Bolivar Institute in this capital, Gaviria said the OAS and "multilaterism" have been possible thanks to the futuristic outlook of the illustrious liberator. "Multilateralism is no longer a simple, political trend; instead, it is the framework in which the relations of our nations develop," Gaviria said.

He also recalled that the liberation of markets and the opening of countries are not a partisan discussion but, rather, the path independent countries are following at the end of this century, in the search for prosperity and well-being.

Lawrence Chewning Fabrega, Panama's permanent ambassador to the OAS, said Simon Bolivar's dream of peace, liberty, justice, and continental unity cannot be put into effect if social injustice, poverty, and abuse of authority continue to prevail.

The OAS foreign ministers meeting in Panama City between 3 to 7 June have an agenda of discussions on affairs pertaining to continental integration, the struggle against drug trafficking, and the eradication of poverty.

Inter-American Affairs: OAS Head on Group's Role, U.S. Law

PA0706031496 Panama City ACAN in Spanish 1916 GMT 6 Jun 96

[By Maria Luisa Azpiazu]

[FBIS Translated Text] Panama City, 6 Jun (ACAN-EFE) — Even though the 26th OAS General Assembly has analyzed a considerable number of issues of "continental interest," the meeting also became "world news" due to the way in which America stood up to the United States on the Helms-Burton law.

OAS Secretary General Cesar Gaviria, a Colombian, told ACAN-EFE this proves "the organization is willing to face political issues and use its instruments to settle them."

Gaviria stated "that, traditionally, the OAS evaded issues which involve disagreements among its members, and what has now been proved is that the states do not want to leave out of the organization's agenda issues on which differences prevail."

Thus, Gaviria said, from now on the OAS "will play a much more active role on issues that may involve disagreements among its member states."

In Gaviria's opinion, Cuba is currently the "American states' main political problem. They all want to solve it, each in his own way."

The OAS secretary general added that the resolution adopted by the countries proves nations in the continent are "quite concerned" that "views about unilateralism and extraterritorialism will prevail in American relations."

There is great concern that a unilateral way of solving problems in America" will eventually prevail, instead of the strengthening of multilateralism, the inter-American legal system, and agreements among countries. [quotation marks as received]

"That is the issue being reflected, or that would have been reflected, in Cuba's case or any other situation."

According to the assembly's observers, the decision to ask the Inter-American Juridical Committee to issue a ruling on the U.S. law, which strengthens and internationalizes the commercial embargo against Cuba, was important due to its "unusual" nature and because it "caused a lot of reaction."

The public coverage given to this issue — the media talked practically about nothing else — was nevertheless detrimental to much more "discreet" but, in the sources' opinion, "no less important" issues.

These issues go from corruption to terrorism, and they include the struggle against drug trafficking and the creation of a new continental legal system which allows and sponsors integration.

"It was proved in this assembly, much more than the one in Haiti, that foreign ministers are synchronized with the new discourse" of the OAS and with the "new vision" of the organization that Secretary General Gaviria, who has been in charge of it since 15 September 1994, intends to launch.

A high-ranking OAS official told ACAN-EFE that America has given its approval to the new program and has asked the secretary general to carry it out.

Even though the official said the concept may be "somewhat intangible," he indicated that, in his opinion, OAS members "have begun to consider the organization useful" to discuss issues that are of interest and concern on the continent.

The sources said: "The fact that rejection of the Helms-Burton law was stated here, something that was hardly

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imaginable a few years ago," proves that they are, in fact, seriously considering the organization as an important platform for their initiatives.

Likewise, they emphasized how the OAS is already playing a "very important" role in the follow-up to the "Summit of the Americas" (Miami 1994) and the preparation for the next summit, to be held in Chile in 1997.

Inter-American Affairs: Salvadoran Head on U.S. Stance

PA0706030796 San Salvador LA PRENSA GRAFICA in Spanish 6 Jun 96 p A30

[Report By Claudia Rivera]

[FBIS Translated Text] President Armando Calderon Sol yesterday supported the OAS General Assembly resolution rejecting the Helms- Burton law the United States has imposed to penalize countries that do business with Cuba.

With 23 votes in favor, the OAS assembly decided on 4 June to ask the Inter-American Juridical Committee to determine whether the law is in line with international law. Calderon Sol said this law "affects countries and citizens from third countries as well as foreign trade," but he justified "the motives behind the law."

He said: "The U.S. position is understandable. It is asking for respect for past investments on the island. There are citizens who have had property expropriated and who have never been indemnified (by the Cuban Government)."

He said the United States has the right to exercise its sovereignty in implementing this law but criticized the effects that decision will have on other countries.

Foreign Minister Ramon Gonzalez Giner is representing El Salvador at the OAS meeting of foreign ministers in Panama.

The only vote against the OAS resolution was cast by the United States; twenty-three countries voted in favor of the resolution, and 10 others abstained.

The Central American foreign ministers said they hope there will be no pressure from the United States, because the analysis that has been requested is strictly juridical in nature.

Last month, during a meeting in Canada with Prime Minister Jean Chretien, the chiefs of state of Central America unanimously stated their rejection of the law, arguing that it violates international law.

Prior to that meeting, Chretien had expressed Canada's rejection of the Helms-Burton law, denouncing that it violates NAFTA.

The Salvadoran president yesterday downplayed the importance of an evaluation by the Public Opinion Institute, which determined after conducting a poll that the people gave him a 5.12 rating for his presidential performance.

"This rating is a good one," the president said ironically, hinting that results are related to the "historic moment" through which he has had to govern.

He said: "These have been two years consolidating the Peace Agreements and democracy and facing the problems of national reconstruction. I believe nothing can be done overnight."

Calderon Sol said deficiencies "cannot be blamed on the government alone" and said he favors criticism from the opposition.

He said: "That's what the opposition is for. This is democracy. This is for what I have fought."

Inter-American Affairs: Chile's Insulza Addresses OAS

PY0706033096 Santiago EL MERCURIO in Spanish 5 Jun 96 p C3

[FBIS Translated Text] On 4 April in Panama, Chilean Foreign Minister Jose Miguel Insulza urged the governments of the Americas to assume the challange of defeating poverty and of trying to find development formulas to guarantee a major social equity as an essential requirement to consolidate democracy in the continent.

Addressing the 26th OAS General Assembly in Panama, Insulza reaffirmed Chile's Americas oriented feeling, and the importance it assigns to the revitalization of the inter-American organization and the strengthening of its main institutions.

He also conveyed Chile's commitment to democracy in the hemisphere. He said that recent events in Paraguay show that concern over the establishment of democracy still prevails, and that the OAS has to play an important role in the process to consolidate democracy in the entire continent.

He noted the need to rely on honest governments and institutions to comply with this objective. Therefore, President Eduardo Frei Ruiz-Tagle proposed that governability as a means to achieve an efficient and representative democracy be included on the agenda of the Ibero-American summit that will be held in Chile this year.

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Insulza also analyzed the relationship that must prevail between democracy and respect for human rights. He said that OAS organizations like the Human Rights Commission and the Inter-American Human Rights Court must play an important role.

He particularly stressed the need to build more just communities on the basis of a major social equity throughout the continent.

He stated: "Despite the efforts we can make to improve our democracies, to guarantee to all citizens respect for human rights, and effective access to courts, we are well aware that none of these achievements will prevail as long as the poverty and discrimination that affect a significant number of inhabitants of the continent are not eradicated."

He praised the OAS efforts to improve this situation and noted that "action to eradicate the discrimination affecting millions of people is the major ethical, social, and political challenge being faced by our governments. This is also an essential condition to definitively consolidate and expand the democratic institutions we are enjoying, as well as to promote our economic development on a firm social basis."

He said that Frei's administration is making efforts to achieve this task. He said: "We have to work hard to improve the living conditions of the poorest people and to promote their social integration."

Insulza also outlined the Chilean position on international cooperation, and added that the OAS Inter-American Committee for Integral Development must play a very significant role in the process designed to coordinate actions to promote hemispheric development. Foreign Minister Insulza also referred in his speech to the need to fight and coordinate actions against corruption and illegal drug trafficking and related activities. He noted that preservation of the environment must be a subject of concern in order to guarantee a sustained development.

Concerning development, he praised the OAS decision to develop inter-American policies to promote exchange of experience and information, to transfer know-how, and to provide technical cooperation.

Insulza also praised the efforts to promote measures of confidence, and all the actions that have been developed and can be performed to eradicate nuclear weapons from our hemisphere.

Concerning the free trade issue, he reaffirmed Chile's commitment to meet this objective, and added that protectionist measures only divide countries. He recalled the commitments made in Miami to try to establish an open regional trade, and the meetings held later in Denver and Cartagena in an attempt to create the Free Trade Area of the Americas.

Inter-American Affairs: OAS Resolution Rejects Terrorism

PA0606163396 Mexico City NOTIMEX in Spanish 0016 GMT 6 Jun 96

[FBIS Translated Text] Panama City, 5 Jun (NOTIMEX) — The OAS General Assembly today reiterated here its "strongest rejection of all forms of terrorism" and summoned the first high-level meeting on social development to be held in Colombia.

The pronouncement on terrorism was released after the Juridical and Political Affairs Commission of the 26th OAS General Assembly, held in Panama City, approved a resolution rejecting all forms of this crime.

The attending delegations also entrusted the OAS Permanent Council with following up on the measures recommended by the Action Plan approved during the Specialized Inter-American Conference on Terrorism held in April in Peru.

Peruvian Ambassador to the OAS Beatriz Ramacciotti said the Lima Declaration and the resolution adopted here constitute significant steps toward making the perpetrators of these crimes feel they are not free of guilt, since terrorism constitutes "organized murder."

In another resolution, the OAS General Assembly also summoned the first high-level meeting on social development and accepted Colombia's offer to host the event.

The delegates also gave instructions to establish, within the framework of the Inter-American Council for Overall Development, a social development committee to prepare for the high-level meeting and handle the programs and projects in this field.

The document included the decision by OAS Secretary General Cesar Gaviria Trujillo to create a Specialized Unit on Social Development to give the OAS a more relevant role in the struggle against poverty and discrimination.

Inter-American Affairs: OAS Endorses Canal Proposal

PA0706040496 Panama City LA PRENSA in Spanish 6 Jun 96 p 1A

[Report by Wilfredo Jordan Serrano]

[FBIS Translated Text] The OAS has endorsed Panama's proposal to hold a Universal Canal Congress,

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which will be held in September 1997, to debate the Canal's role in the 21st Century.

The resolution draft for this congress was approved by acclamation during the plenary session of the 26th OAS General Assembly, currently being held at the Atlapa Convention Center in Panama City.

The Congress will be held in Panama City from 7 to 10 September 1997, with the presence and participation of delegates from several countries, including Canal country users.

Fernando Manfredo, former Panama Canal administrator and organizer of the OAS meeting, said before the delegates yesterday that this Universal Canal Congress is intended to invite the international maritime community, as well as peoples and governments related to the use of the Canal, to share with Panama the efforts to update the interoceanic waterway.

Manfredo described the transfer of the Canal into Panamanian hands on 31 December 1999 as "an act of full historic justice and as a commitment from the international community to share in the Canal management, bearing in mind not only that the Canal should be efficient and safe, but that this is an international responsibility as well."

The Universal Congress agenda includes subjects related to Canal management and operation. Problems and challenges of the future will also be debated. "We will bring up for debate administrative affairs, with special emphasis on the new Panamanian juridical-administrative organization in charge of managing the Canal," he added.

He said that the Congress will also discuss the transition to the year 2,000, Panama as a maritime center, port and cargo transshipment services, ship repair, Panamanian registration of ships, and tourism activities. "We are looking at Canal operation in light of a new century and the unpostponable need to adapt the Canal to the needs of world transport development and update its installations to make it, not only efficient, but more competitive as well," he continued.

In addition, Jorge Ritter, president of the Transition Commission, told the OAS delegates that the results of a study on the conditions of the Canal installations and equipment, a study conducted by the U.S. Corps of Engineers, will be announced next month. This study will make it possible to plan now the necessary investments for the waterway's proper operation, maintenance, and modernization.

Ritter said that all decisions by the Canal's Board of Directors, of which he is a member and which consists of four Panamanians and five Americans, are made by consensus.

Referring to Canal administration after the year 2,000, Ritter said the waterway will continue to operate with the same degree of efficiency as at present. "We are sure that this is going to be thus and that, much earlier than 31 December 1999, Panama will be prepared to assume this historic responsibility," he said.

The OAS General Assembly also approved yesterday the draft of a resolution called "The Panama Canal in the 21st Century," according to which it was decided "to recognize the private actions of the U.S. and Panamanian Governments" for the timely implementation of the treaties.

The Final Statement of the Panama 2000 Meeting, held in Coronado recently with the participation of delegates from the government, opposition parties, leading civil organizations, and the Church, and which debated the Canal's future, was handed over to OAS Secretary General Cesar Gaviria yesterday.

Inter-American Affairs: OAS Approves Resolutions on Canal

PA0706033196 Panama City EL PANAMA AMERICA in Spanish 6 Jun 96 p A2

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] The 26th OAS General Assembly on 5 June approved two resolutions supporting the "timely" compliance with the Panama Canal Treaties and the holding in this capital of the Universal Congress on the Panama Canal in 1997.

The document on the implementation of the treaties calls on all the states of the world to adhere to the protocol to the Treaty on the Permanent Neutrality and Operation of the Panama Canal so it may remain open and safe for the peaceful transit of vessels.

The OAS members believe the neutrality of the Canal is essential for the trade and security of Panama and the western hemisphere.

The resolution supports the efforts the Panamanian Government and the Panama Canal Commission are making to move forward with the modernization of the waterway in order to make it efficiently useful to the growing needs of maritime transportation and world trade.

The resolution also describes as "urgent" the adoption and execution of a regional plan for the conservation of the Canal's water basin and biodiversity in accordance with the Rio Group Declaration and Agenda 21

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approved by the UN conference on the environment and development.

The resolution on the Universal Congress on the Panama Canal urges the Inter-American Council for Overall Development (IACOD) and the Inter-American Development Bank to study the possibility of lending resources for the holding of this event.

The document is pleased with the works of the Tripartite Commission, made up by Panama, the United States, and Japan, on the studies on the construction of a sea level canal in the Isthmus of Panama or the expansion of the current Canal with locks.

Fernando Manfredo has said Panama is taking the last administrative, legal, and political measures to guarantee the autonomy of the waterway and its detachment from political ups and downs.

Yesterday, the members of the organizational committee and the support group of the recently concluded Panama 2000 meeting handed a copy of the event's conclusions to OAS Secretary General Cesar Gaviria.

Meanwhile, the OAS Legal and Political Affairs Commission has unanimously approved the document "Panama's Commitment with Handicapped People of the American Continent," the approval by the plenary of the 26th OAS General Assembly of which is pending.

The resolution, which Panamanian delegate Max Lopez has presented, strives to make the hemisphere's countries commit themselves to step up efforts favoring handicapped people and expresses its firmest and most determined commitment to the defense and promotion of human rights.

Inter-American Affairs: OAS Head on Canal Reversion Steps

PA0606170696 Mexico City NOTIMEX in Spanish 0005 GMT 6 Jun 96

[FBIS Translated Text] Panama City 5 Jun (NOTIMEX) — OAS Secretary General Cesar Gaviria expressed today his support for the process of reverting the Panama Canal, which the United States must return to Panama on 31 December 1999.

Gaviria expressed his satisfaction with the process to revert all of the Canal facilities, according to the provisions of the Torrijos-Carter Treaties of 1977, which call for the transfer of the administration and control of this waterway to Panamanian hands.

The process to revert the Canal, Gaviria said, will make it possible for Panama to recover the administration of this waterway, but it will also "make it possible to continue providing an efficient and effective service to the international community."

Former Colombian President Gaviria made these statements while presiding over a protocol ceremony during which he received a document called "Panama 2000," which summarizes the Panamanian agreement on the administration of the Canal after the year 2000.

In this regard, Gaviria said the OAS and all of its members both support and congratulate the Panamanian people "for their initiative in preparing this document," adding that "he hopes that the guidelines contained therein will serve to regulate Panama's political and social sectors."

The Panamanian Government expects to organize the Universal Congress for 1997 to discuss possible ways to manage this important waterway in the future. In addition, the Panamanian Government intends to build the City of Knowledge in the areas near the Canal.

Among other plans the Panamanian Government also intends to organize an International Center to Control and Fight Drug Trafficking.

In the area of international negotiations, "exploratory talks" are still pending between Panama and the United States to discuss whether the U.S. military troops, which are stationed in the Canal area, will stay or will leave after the year 2000.

The United States has been in charge of the administration and control of the Panama Canal since the turn of this century.

Inter-American Affairs: OAS To Discuss Panama 'Indemnity'

PA0706002196 Panama City EL UNIVERSAL DE PANAMA in Spanish 6 Jun 96 p 1

[Report by Justino Gonzalez, Jr.]

[FBIS Translated Text] The request for compensation from El Chorrillo residents, who were adversely affected by the 1989 U.S. invasion, and the dismissal of workers from the IRHE [Institute of Hydraulic Resources and Electrification] through Law 25, promulgated by the Endara government, are on the agenda that the next General Assembly of the OAS Inter-American Human Rights Committee [CIDH] will discuss.

This information was provided by Lawrence Chewning Fabrega, Panama's ambassador to the OAS, after a meeting between members from the affected groups and CIDH representatives who are participating in the 26th OAS General Assembly in Panama. The meeting is scheduled to take place in the month of September.

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Groups of residents from El Chorrillo neighborhood, so-called "war refugees," have remained outside of the Atlapa Convention Center since Monday to call the attention of Latin American foreign ministers to a lawsuit they filed before the OAS claiming indemnity.

In addition, IRHE workers dismissed due to their alleged involvement in a 1991 coup attempt picketed the OAS General Assembly last Monday.

During the protest, the "El Chorrillo residents" said that "it is time they receive indemnity for the negative effects they sustained during the U.S. invasion, in which thousands of Panamanians died."

Rafael Olivarria, leader of the War Refugees Committee, has said that the OAS must recognize that an invasion took place in Panama and support their demand under the juridical argument of "war errors."

He stressed that the Panamanian Government, through President Ernesto Perez Balladares, must also seek mechanisms so that the U.S. Government can compensate them for its war errors.

Meanwhile, the IRHE workers indicated that the Panamanian Government has disavowed the recommendations by the CIDH that workers be reinstated.

They denounced the fact that the government has rejected the OAS- proposed alternatives to "settle the lawsuit in a friendly manner." They added they will demand before the Committee that the OAS Court make a decision, which must be "strictly fulfilled."

Inter-American Affairs: OAS FM's To Promote Tourist Plans

PA0706022596 Panama City EL UNIVERSAL DE PANAMA in Spanish 6 Jun 96 p A13

[Report by Javier Collins]

[FBIS Translated Text] The OAS foreign minister members meeting at the 26th plenary session have agreed to strengthen regional cooperation to promote more effective actions regarding tourist activities, to include them in national development proposals, and to turn them into a dynamic instrument for economic growth.

The resolution approved by the 2d Commission of the OAS General Assembly voices support for the creation of an Intersectorial Tourism Unit [Unidad Intersectorial de Turismo] of the OAS General Secretariat.

According to the document, this plan's objectives will be institutional development; the strengthening of policies and technical cooperation; and the development of foreign relations, as well as seeking sources of financing.

Tourism represents approximately 10.9 percent of the world GDP and generates approximately $95.2 billion in the region, which makes the hemisphere the world's second largest tourist region. Breaking down tourism by region, North America generates approximately $71.5 billion; the Caribbean, $9.8 billion; South and Central America, including Panama, only $1.5 million. [sentence as received]

The approved document states that tourism constitutes a significant factor in the economic development process and, therefore, economic growth.

The Summit of the Americas' action plan acknowledged the significance of tourism in the countries' economies and its value to promoting understanding among the peoples of America.

The unit this resolution orders created will support the Inter-American Tourist Congress, which is the only hemispheric forum at the ministerial level that discusses matters pertaining to tourism.

This unit will also support the Tourist Congress' efforts to promote talks between the public and private sectors, thus facilitating a coordinated development of hemispheric tourist policies.

Meanwhile, the Assembly agreed to give the highest priority to cooperation activities and projects aimed at combating poverty on the continent. To this end, the Assembly summoned the 1st High Level Social Development Meeting. It will be held in Colombia, which offered to be the site of this meeting. The date has yet to be set.

The OAS Assembly ordered the creation of a Social Development Commission, within the Inter-American Council for Overall Development, in which all member states will be represented. This commission will be in charge of preparing the high level meeting and following up on programs and projects in this sector. It will also consider other specific issues such as the strengthening of job and educational, scientific, and technological developments.

The resolution striving to fight poverty in the continent stresses OAS Secretary General Gaviria's decision to create a specialized social development unit, the main objective of which is to give the OAS a more relevant role in the fight against poverty.

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The unit Gaviria proposed to create will have to draft a new system of solidary cooperation for development and horizontal cooperation [cooperacion horizontal] systems and will have to plan exchanges of experience among member countries.

It must also draft and evaluate projects in this field, as well as make sure the countries' social policies are discussed at the highest political level. In addition, this unit will analyze the continent's social problems and design new programs to reform social institutions dealing with the educational, labor, and social security fields of the countries of the hemisphere.

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Cuba

Cuba: Ministry Views U.S. Reaction to OAS Decision

PA0606221596 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Jun 96

[Report by Zenaida Costales; from "The National Radio News" newscast]

[FBIS Translated Text] [Anchorman] During his regular news conference with local and international reporters, today the Cuban Foreign Ministry [Minrex] spokesman commented on the U.S. State Department spokesman's reaction to the OAS decision on the Helms-Burton law. The Minrex's spokesman also announced that the Association of Caribbean States [ACS] has selected Cuba to organize the upcoming meeting of foreign ministers. Reporter Zenaida Costales gives us more details:

[Costales] Minrex spokesman Miguel Alfonso referred to the statement made by the U.S. State Department spokesman and stated that apparently the U.S. spokesman does not know the laws of his own country, like the fact that in 1964 the U.S. Supreme Court had stated and acknowledged that the Cuban Government had the right to nationalize property. Therefore, the current ownership of that real estate is legitimate and, furthermore, the use of mechanisms like the charges of trafficking in stolen property is inappropriate.

The spokesman, referring to the declaration about disregard [words indistinct] the 26th OAS General Assembly had asked the Inter-American Juridical Committee to react to the Helms-Burton law:

[Begin Alfonso recording] It would seem difficult not to include this assignment among the duties that have been entrusted to the Inter-American Juridical Committee. Therefore, it would be an adventurous opinion to say, as has been said, that this committee has no power on this issue. No one is asking for this committee to act as a judge. It does not have such power.

It has also been said [words indistinct] that this an attempt to politicize a technical body. In my opinion, this is groundless, too. According to the wording of the 26th OAS General Assembly's decision, this request is of a purely technical and juridical nature. [end recording]

[Costales] As additional information, it was disclosed that the ACS has selected Cuba to organize the upcoming meeting of ACS foreign ministers that will take place in our country at the end of this year.

Cuba: U.S. Reaction to OAS 'Hysterical and Groundless'

PA0606222596 Havana PRENSA LATINA in Spanish 1728 GMT 6 Jun 96

[FBIS Translated Text] Havana, 6 Jun (PL) — Every U.S. reaction to the OAS accords has been hysterical and groundless, Cuban Foreign Ministry spokesman Miguel Alfonso said today.

During his usual weekly news conference, the official criticized his State Department counterpart Nicholas Burns for describing as stolen the companies nationalized following the triumph of the revolution in 1959.

He does himself a disservice in using that term and shows no knowledge of his own country's jurisprudence, since as early as 1964 the U.S. Supreme Court recognized the Cuban Government's right to nationalize foreign properties located on its territory, he added.

Responding to a question, Alfonso also censured Burns' statement that Washington does not recognize the authority of the Inter-American Juridical Committee to comment on the Helms-Burton law, as requested by the OAS.

It is a bold opinion, since that Committee has never been asked to act as judge in this matter, but rather to say if that legislation is in line with the principles of international law, an authority it has, according to the OAS Charter, to which Washington is now raising objections, he stated.

The spokesman confirmed there will be a delay of several days in the presentation of the final report by the International Civil Aviation Organization (ICAO) on the incidents of 24 February, when two aircraft that flew from Miami and violated Cuban airspace were downed.

The final report is expected sometime between 25 and 28 June, but one must note Cuba has nothing to do with the delay since it submitted the documents and arguments the ICAO requested on time and in the appropriate form, as acknowledged in its preliminary report, the Cuban official said.

The final discussion of this document will be preceded by a technical meeting, with the participation of Cuban and U.S. representatives, to be held next week in Montreal, Canada.

Cuba: Government Announces Creation of Free Zones

PA0606201996 Madrid EFE in Spanish 1754 GMT 6 Jun 96

[FBIS Translated Text] Havana, 6 Jun (EFE) — The Cuban Government today announced the creation of free

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zones and industrial parks for the purpose of opening opportunities to foreign investors, amid the deluge of protests unleashed by the Helms-Burton law.

The possibility of opening free zones had already been included in the Foreign Investment Law approved in September. The decree regulating them was presented to the media today by Ibrahim Ferradaz, foreign investment and economic cooperation minister

With this announcement, the Cuban Government seems to want to promote its economic opening and reform program that many observers had considered to be at a standstill in recent times.

The announcement also comes only one week after the U.S. Government began to send the first "informative letter" to foreign companies with investments in Cuba, warning them they could be penalized by virtue of the Helms-Burton law.

The U.S. law has led to a deluge of protests from all its allies, from the European Union to the OAS, which approved a resolution questioning the legality of the law and asking for an opinion from the Inter-American Juridical Committee.

Meanwhile, the EU seems to be willing to denounce this law before the World Trade Organization in Geneva.

Nevertheless, Ferradaz said that despite the U.S. offensive and the sending of the first batch of letters, not a single joint venture company operating in the country has been dissolved.

"The ministry has not officially received any request to dissolve any association," the minister said in response to journalists' questions.

Ferradaz explained the content of the decree creating the free zones, indicating that a free zone is understood as "a space within the national territory, duly delimited, without resident population, with a duty-free import and export of goods, and in which industrial, commercial, agricultural, technological, and service activities are carried out under a special system."

The text of the decree states that in these zones, the investor will be under a special system in the areas of customs, banking, tax, labor, migration, public order, investment of capital and foreign trade.

At the same time, it adds, the country will obtain benefits, given that the free zones will contribute to the creation of jobs and technological, economic, and social progress and will be a source of foreign exchange.

The Cuban Government also believes that Cuba offers inducements for the development of this initiative in view of the facilities for international maritime and air communications due to its geographic location and "because of its political and social stability and the availability of a skilled labor force."

Ibrahim Ferradaz said the first areas where these zones might be installed are the bay of the port of Mariel, about 35 km from Havana, the bay of Cienfuegos, about 300 km south of the capital, and Guajay, a location near the Havana airport.

The concessions will have to be approved by the Executive Committee of the Council of Ministers, which will grant or reject the request within 60 days.

The concessionaire will be able to conduct a broad range of activities, ranging from the construction of buildings for factories or services for the operation of airports, ports, docks, and cargo railroad stations.

The operators will be able to undertake, among others, production, manufacturing, and assembly activities, and provide banking, financial, and insurance services.

All these activities will be totally exempt of tariffs and other fees collected by customs and the payment of taxes on profits and the utilization of the labor force, although the tax exemption will be for a 12-year period.

After making known the decree, Ibrahim Ferradaz said that "the dissuasive effect of the Helms-Burton law cannot yet be established" and he stated that more joint venture associations with foreign capital were created in the first four months of the year than in all last year.

However, as other high-level officials have done in previous days, Ferradaz reiterated that, given the circumstances, the Cuban Government is going to be extremely discreet about the investment movements in the country.

Cuba: Law Announced on Free Zones, Industrial Parks

PA0606202296 Havana PRENSA LATINA in Spanish 1826 GMT 6 Jun 96

[FBIS Translated Text] Havana, 6 Jun (PL) — Ibrahim Ferradaz, foreign investment and economic cooperation minister, announced today that Decree-Law 165 on free zones and industrial parks, which was approved this week, is an option that should attract more foreign capital to Cuba.

The minister said that to date, his office has not received any proposals to obtain licenses to operate in a free zone or industrial park. Thus, he ruled out that Cuba had studied a request in this regard from the Mexican Domos Group.

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As for the provisions of the law promulgated by the Council of State on 3 June, Ferradaz said that operators and concessionaries will benefit from a special system with regard to customs and taxes.

In this regard, the law establishes a total exemption of tax payments for a period of 12 years to those firms that are involved in productive activities. In addition, for five years they will benefit from a 50-percent lower rate for the tax established on profits and the utilization of the labor force.

In the case of service activities, the investor in free zones or industrial parks in Cuba will enjoy a tax exemption for five years and another three years with a rate that is 50 percent lower than the established rate.

It is foreseen that the first of these zones will be located near the Bay of Mariel, about 40 km west of the capital, in the Bay of Cienfuegos, in the southcentral area of the island, and near Havana's Jose Marti International Airport.

The minister said the area of bonded consignment warehouses located in Berroa, in the eastern section of Havana, might operate under the free zone system.

Regarding the hiring of personnel, Ferradaz clarified that in the case of completely foreign enterprises, these would have the obligation of resorting to the state employment enterprise, while the joint venture firms would have the power to create their own hiring mechanisms.

The Foreign Investment and Economic Cooperation Ministry (MINVEC) was given the power to regulate operations in the free zones and industrial parks, which will provide space for a series of services, including banking, financial, and health services.

Among the topics addressed, Ferradaz said there is stability among the foreign partners with investments in the country and he said the creation of joint venture firms has increased at a higher rate than in the same period last year, despite the Helms-Burton law approved by Washington.

Cuba: Joint Business Committee Session With Spain Ends

PA0706022196 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Jun 96

[Report by Marianela Samper from the "Evening Information Review" newscast]

[FBIS Translated Text] After three days of bilateral meetings and receiving detailed explanations of the economic changes being implemented in the country, the sixth session of the Spanish-Cuban Business Cooperation Committee concluded with the signing of its memorandum.

Alberto Betancourt, chairman of the Cuban section of the committee, has described the representation of Spanish businessmen as very positive, characterized by a broad spectrum from the industrial and business sectors and reflecting the desire to continue their ties with Cuba:

[Begin Betancourt recording, in progress] ...perhaps not only in what could be described as the traditional sphere of commerce or financing, but we also are entering a new phase of bilateral relations, one which gains greater importance every day and in which the Spanish businessmen have significant influence. It is the process of foreign investment in our country. As I have said, Spanish firms play an important role in several sectors of this process. [end recording]

He added that the contacts have sought to explain the economic changes being carried out through the means of and at the pace decided by the Cuban Government. He has said this provides information to the businessmen about the new opportunities to participate in this country. Betancourt has said the Cubans also have learned of the concerns and interests of the Spanish businessmen, something which will be of great use to the Cuban experts:

[Begin Betancourt recording] There is no doubt that Cuban-Spanish trade and the investment process are of great importance and will continue to be important despite the ups and downs of life and despite the laws that have been imposed. I believe and I can definitely state with certainty that your presence here demonstrates that you are not worried about that. You will move forward and continue talking with us, regardless of whether others want to prevent or try to hurt that process. [end recording]

The topics discussed at the business committee have included the importance of the Spanish companies in the Cuban economy, the need to increase the flow of investments, the possibility of economic growth on the island, the country's large human resources, the advisability of reinforcing business expectations through the foreign investment law, and greater exchange of economic and business information.

Juan Arenas, chairman for the Spanish section of the business committee, gave his assessment at the end of the session:

[Begin Arenas recording] I think the trip has been interesting. Spanish-Cuban relations have been and are important at the economic level. In times of change, as those Cuba is experiencing, it is always interesting

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to follow this development closely and to observe personally the newest and most modern aspects. I believe that those of us who have known Cuba for a long time and those who are just learning about it have felt how especially well we have been received. [words indistinct] [end recording]

The Spanish businessmen had the opportunity to hold informative sessions by sectors, such as construction and infrastructure, the transfer of technology, agriculture and food industry, and light industry. Arenas held meetings with officials of the Ministries of the Economy and Planning, Foreign Trade, Foreign Investment and Economic Cooperation, and Foreign Relations and the National Bank of Cuba.

Cuba: Cadets Comment on Western Army Tactical Maneuvers

PA0606121296 Havana Radio Rebelde Network in Spanish 1155 GMT 3 Jun 96

[From the "Doing Radio" program]

[FBIS Translated Text] Good morning. Bilateral tactical maneuvers are taking place on the territory of the Western Army. Cadets from the Revolutionary Armed Forces' General Antonio Maceo Military School and from the Jose Marti Technical Military Institute are participating. Here are some of their opinions:

[Begin recording] [Adrian Mato Mato] I am Cadet Adrian Mato Mato. This gives us a lqt of experience. I have never been in combat; this is the nearest thing to that, and it is what we really need. It is something very practical. We can use all of our tactics and equipment here. This is very good. Cadets should participate often.

[Perez Oteon] I am Cadet Perez Oteon. This is the first time I have participated in maneuvers of this kind. It is one of the main experiences a cadet — specialized in command — should face. These maneuvers show — in real life situations — the possible actions the enemy could take. We carry out the defense of the city and its main accesses. I mean, maneuverability and other particulars of combat, during the enemy's assault on a city and our defense of the same. [end recording]

These are opinions of cadets who are participating in the bilateral maneuvers that are taking place in the western area.

Cuba: Politburo Members' Activities Through 6 Jun

PA0706040796

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 6 June.

Ricardo Alarcon de Quesada has met with a delegation of Chilean senators headed by (Jorge Lavandero). The senators are on an official visit to Cuba as guests of the National Assembly of the People's Government, ANPP. (Havana Radio Rebelde Network in Spanish 1700 GMT 31 May 96)

Nelson Torres Perez has said there are still about 20 sugar mills at work throughout the country. Sugar production is just about to complete the 4.5 million metric tons forecast for this harvest. He has spoken to PRENSA LATINA and has said the current sugar harvest will be the most efficient, organized, and one of the highest technological discipline, taking into account that more than 4.4 million metric tons of sugar have already been produced so far. (Havana Radio Havana Cuba in Spanish 1300 GMT 3 Jun 96)

Raul Castro Ruz has broadcast congratulations to the people of the municipality of Batolome Maso, Granma Province, for having completed an additional sugar contribution that they promised during a visit by President Fidel Castro in April. (Havana Radio Havana Cuba in Spanish 1300 GMT 3 Jun 96)

Raul Castro visited an elderly couple, Mr. and Mrs. (Benito Ailmez), who are in their 80's, in Santiago de Cuba, during activities commemorating the 35th anniversary of the Interior Ministry. The couple has known the Castro brothers since they were youngsters. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 6 Jun 96)

Cuba: Correction to Alarcon on Limits to Helms-Burton Law

PA0506010796

The following correction pertains to the item headlined "Cuba: Alarcon Sees Limits to Helms-Burton Law Application," published in the 4 June Latin America DAILY REPORT, page 8:

Column one, make sourceline read: ...Madrid EFE in Spanish 2037 GMT 3 Jun 96... (correcting source)

Dominican Republic

Dominican Republic: Gomez Notes Support for Cuban Ties

PA0606220496 Havana PRENSA LATINA in Spanish 1426 GMT 5 Jun 96

[FBIS Translated Text] Santo Domingo, 5 Jun (PL) — Presidential candidate Jose Francisco Pena Gomez today

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expressed support for the reestablishment of diplomatic relations between the Dominican Republic and Cuba, given the historical ties between both countries.

In statements to PRENSA LATINA, the presidential candidate for the Dominican Revolutionary Party (PRD) and a heterogeneous coalition of small organizations stated that he has expressed the need for more than 30 years to have relations with Cuba. We maintained that position when the East-West conflict was at the center of world politics, he said, and now that it no longer exists it is justified even more.

"We support the reestablishment of diplomatic and commercial relations with the Republic of Cuba, because there is a historical link between the two countries, a neighborly relationship, the same culture," Pena Gomez affirmed.

Pena Gomez, who on 30 June will square off with Leonel Fernandez, candidate of the Dominican Liberation Party which is supported by the pro-government Christian Socialist Reformist Party, said the differences of political systems should not be an obstacle to diplomatic and commercial relations.

Fernandez told PRENSA LATINA recently that the reestablishment of diplomatic relations between the Dominican Republic and Cuba is a matter of time, that "it will come sooner or later," but he made this reestablishment conditional upon the end of U.S. pressure.

Commenting on Washington's attitude toward Cuba, Fernandez said he cannot understand it, particularly after the United States granted most favored nation status to China and established relations with Vietnam.

After Haiti and Dominica reestablished diplomatic ties with Havana, the Dominican Republic is the only Caribbean nation that does not maintain formal ties with Cuba.

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Mexico: Reprisals Against U.S. Over Law Being Considered

PA0606160196 Mexico City XEW Television Network in Spanish 0330 GMT 6 Jun 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexico requested a meeting with the United States and Canada to analyze whether the Helms-Burton law violates NAFTA.

The Mexican Government is studying the possibility of implementing trade reprisals against the United States over the Helms-Burton law. Herminio Blanco, secretary of commerce and industrial development, said in Monterrey that a consultation process is currenrly under way within the framework of the free trade agreement. He mentioned that talks have been carried out with representatives from other countries and members of Mexico's productive sector on the possibility of instruments of assistance to defend Mexican exporters and investors in Cuba.

[Begin Blanco recording] Commercial reprisals are, for example, the increase of tariffs for products coming from the United States. These would be the types of reprisals that could be taken or other types of reprisals that we consider comparable to the possible damage that this measure could have on Mexican businesses. [end recording]

The government official added that in the process of deregulating the secretariat, more than 40 percent of the red tape has been eliminated and 90 percent of the petitions from productive sectors have been addressed. Herminio Blanco made these remarks while taking part in the Eighth National Forum of the IMEP [Mexican Institute of Political Studies], where he arrived accompanied by Governor Benjamin Clarion.

Mexico: San Diego County Immigration Emergency Rejected

PA0606214896 Mexico City NOTIMEX in Spanish 1930 GMT 6 Jun 96

[FBIS Translated Text] Mexico City, 6 Jun (NOTIMEX) — The Mexican Foreign Relations Secretariat has rejected the attempt by San Diego County to declare "a state of immigration emergency," because there is a lack of evidence attributing a likely increase in the crime rate to illegal aliens.

Enrique Loaeza Tovar, director of protection and consular affairs at the Foreign Secretariat, has denied illegal aliens are responsible for forest fires and insecurity as San Diego County claims.

In statements to the local media, the diplomat has said "it is too convenient to accuse without evidence" as the San Diego County Supervision Council is attempting to do to declare the immigration emergency.

The authorities of San Diego County, California, on 4 June declared a "state of immigration emergency" for the second time in two years due to the insecurity and fires attributed to Mexican illegal aliens. "There is no proof Mexican illegal aliens are responsible for forest fires or a likely increase in the area's crime rate," Loaeza has told LA JORNADA, adding that there are no indications of an increase in the flow of immigration from Mexico to the United States. It is a historical phenomenon and does not stem from specific reasons or times, he has said.

According to Loaeza, the Foreign Secretariat is in permanent contact with the San Diego Consulate to be aware of the development of the decision by the San Diego Supervision Council, which has asked the state congress to send more National Guards.

California Governor Pete Wilson has insisted on supporting San Diego County's second decision to declare the immigration emergency, even though U.S. President William Clinton has rejected the first such emergency.

Luis Herrera Lasso, Mexican consul to San Diego, on 5 June described the San Diego authorities' decision as groundless and absurd and affirmed "it is an unfortunate situation, because it is very difficult to prove (the evidence)."

Mexico: EU, Coparmex Officials on OAS Resolution

PA0606224796 Mexico City NOTIMEX in Spanish 0159 GMT 6 Jun 96

[FBIS Translated Text] Mexico City, 5 Jun (NOTIMEX) — The EU rejects the Helms-Burton law, because its extraterritoriality is inadmissible, and believes that it is not the best way to demand respect for human rights in Cuba, EU Ambassador Jacques Lacomte said today.

"We maintain the same position as Mexico and Canada: We cannot accept extraterritorial laws, and we believe that our GATT partners have the same stance regarding this matter," he said.

After signing a business cooperation agreement between the EU and the Employers Confederation of the Mexican Republic (Coparmex), Locomte said that the application of this law violates the sovereignty of other countries.

Lacomte expressed his satisfaction with the OAS position against the application of that law.

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Meanwhile, Coparmex President Carlos Abascal Carranza said he was very pleased with the rejection of the Helms-Burton law by the GATT and the OAS, which he described as a very important advancement.

The OAS resolution asking the Juridical Committee to give its opinion on the law is an important step that will make it possible to place international laws over U.S. laws, he added.

Abascal stressed the need to protect the countries' legitimate sovereignty and their right to conduct their relations according to the law, noting that Mexico is conducting efforts to solve the problem.

Mexico's strategy seeks to achieve a world consensus to show the United States that no country agrees with laws that violate the sovereignty of other nations, he stressed.

Abascal added that rejecting the Helms-Burton law does not mean that one is in favor of presumed violations of human rights in Cuba, but that the sovereignty of other nations cannot be compulsively violated to resolve alleged problems with the Cuban Government.

With regard to a possible trade agreement between the EU and Mexico, Abascal said that "we are waiting for the EU to decide on the date to begin formal negotiations."

Abascal noted that an agreement between the EU and Mexico will take into consideration the recent experience acquired with the signing of NAFTA, in order to improve the mechanisms for the solution of controversies.

In the case of disagreements, the solution of controversies and possible disputes will be settled in an orderly fashion, and not unilaterally, he said.

Mexico: Official Says Signs of Economic Recovery Evident

PA0706003996 Mexico City NOTIMEX in Spanish 1855 GMT 5 Jun 96

[FBIS Translated Text] Monterrey, 5 Jun (NOTIMEX) — Guillermo Ortiz, Mexican secretary of finance and public credit, said today clear signs of a moderate economic recovery can already be perceived, based on the dynamics of exports.

There are clear signs of a moderate recovery based on exports, but domestic consumption will advance more slowly, and the tangible benefits to the people will take a little longer, the official said.

In a televised presentation before participants at the Eighth National Forum of the Mexican Institute of Financial Executives (IMEF) being held in this northern city, Ortiz said all the people are not yet perceiving this recovery.

The secretary said "the country's problem is that we have not grown in the last 15 years and require growth rates in excess of 3 or 4 percent." He said there is no reason for Mexico to stop hoping to achieve higher growth rates and those established in the National Development Plan.

The secretary of finance and public development said the challenge now is how to make economic recovery result in sustained and strong growth from 1997 onward.

"I am not predicting a 7 or 8 percent growth rate for 1997 or perhaps in the next two years, but I believe we must hope to attain those goals. We have everything it takes to do it, and that is key, Ortiz said. [no closing quotation marks as received]

He said "we are immersed in globalization and must complete our reform and make growth the main issue on our national economic agenda." This process, he said, must be based on sound, macroeconomic policies in order to consolidate an atmosphere of stability for investments through monetary strategy and appropriate fiscal policies.

In addition, domestic savings and other incentives must continue, particularly the reforms of pensions and a fiscal reform "we hope we can conserve," he said.

The secretary concluded that access to international markets through the economic opening provides a series of opportunities that Mexico did not have in the past.

Mexico: Reaction to EZLN Willingness To Continue Talks

PA0706012296 Mexico City NOTIMEX in Spanish 1722 GMT 3 Jun 96

[FBIS Translated Text] Mexico City, 3 Jun (NOTIMEX) — The Mexican Government today expressed its satisfaction with the announcement of the Zapatist National Liberation Army (EZLN) to reestablish the means of negotiation to achieve peace in Chiapas and to resume talks soon.

In a communique, the Government Secretariat described as positive the armed group's willingness to continue the contacts and the communication with the Harmony and Peace Commission (Cocopa) to find a rapid solution to the conflict.

"There is no room for violent solutions in Chiapas or elsewhere. Society expects the dialogue to continue so as to resolve the economic, political, and social causes that have originated the conflict," the secretariat stated.

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It reiterated that the Law for a Dialogue, Reconciliation, and Honorable Peace in Chiapas, approved by Congress in April 1995, is the means the parties should follow to resolve the differences that emerge in the course of the negotiations.

In the communique, the secretariat reiterated its proposal to find ways to resolve the incidents that emerge outside the negotiations table through direct talks and the search for political solutions to conflicts.

The government and the EZLN had scheduled to continue the work of the second negotiation table on "Democracy and Justice," a topic which has been under discussion since March, in San Andres Larrainzar on 5 June. This meeting encountered obstacles when the EZLN announced its possible withdrawal from the negotiations in light of the "lack of conditions" to continue them after the sentencing of suspected EZLN activists Javier Elorriaga and Sebastian Entzin.

In addition, the group, which emerged in January 1994 to make the Indians' demands known, in May declared itself in "red alert" because of alleged military deployments in the area that were never corroborated.

The EZLN agreed yesterday to reestablish communication with Cocopa to agree on a new date for the dialogue with the government delegation and to continue addressing the second topic that forms part of a six-point agenda established in October.

According to the armed group's communique dated 31 March and signed by Subcommander Marcos, the EZLN spokesman, a delegation will be appointed to meet at an early date and at a place yet to be decided with the government.

"The EZLN publicly pledges to resume the contacts with the government representatives once the most sensitive points causing the current crisis in the dialogue are resolved," stated the communique released in Tuxtla Gutierrez, capital of Chiapas.

Mexico: Confirmation of Tariff on Russian Steel Imports

PA0706015896 Mexico City EL FINANCIERO in Spanish 3 Jun 96 p 32

[Report by Isabel Becerril]

[FBIS Translated Text] The federal government has confirmed the 29.3 percent tariff on steel imports from the Russian Federation in order to protect the national industry from unfair trading practices. This tariff had been established in June 1995.

The Commerce and Industrial Development Secretariat (Secofi) has stated this action meets an objective of the Foreign Trade and Industrial Policy Program by sanctioning unfair practices in international trade.

According to Secofi, the investigation of imports of steel plates from former Soviet Union republics has yielded negative results, because it has been shown that this product had been marketed at unduly low prices.

It should be noted that steel plates are used mainly to manufacture boilers, pressure containers, gas cylinders, rims for vehicles, vessels, and water and oil pipelines.

Secofi has stated that after examining the information of this case, it had been decided to confirm the 29.3 percent tariff established a year ago on steel imports from the Russian Federation, because this was the only former Soviet Union country that had exported steel to Mexico.

Mexico: Survey Indicates Zedillo's Popularity at Low Level

PA0706024096 Mexico City REFORMA in Spanish 2 Jun 96 p 1

[Received via Internet]

[FBIS Translated Text] Economic problems make it difficult to build a presidential image reflecting popular support.

The quarterly, national survey conducted by EL NORTE and REFORMA indicates that the popularity of Ernesto Zedillo has remained stable, at a low level, compared to other world leaders.

Do you approve or disapprove of the manner in which President Zedillo is handling the country?

(June 96)	35 percent approved.

How would you rate President Zedillo on a scale of 1 to 10 where 1 means very bad and 10 very good?

March 95:	6.3
June 95:	5.3
August 95:	5.4
November 95:	5.2
March 96:	5.7
June 96:	5.5

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If presidential elections were held in Mexico today, for which party would you vote?

PRI:	28 percent
PAN:	23 percent
PRD:	9 percent
Others:	4 percent
None:	36 percent

Results of surveys on the president's popularity since March 1995

	Approve	Disapprove
March 95:	53 percent	34 percent
June 95:	31 percent	61 percent
August 95:	34 percent	56 percent
November 95:	31 percent	60 percent
March 96:	41 percent	48 percent
June 96:	35 percent	57 percent

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El Salvador

El Salvador: FMLN Condemns, Other Parties Support U.S. Law

PA0606220796 Mexico City NOTIMEX in Spanish 2333 GMT 4 Jun 96

[FBIS Translated Text] San Salvador, 4 Jun (NOTIMEX) — The opposition Farabundo Marti National Liberation Front (FMLN) today condemned the Helms-Burton law, which has intensified the U.S. blockade against Cuba. Meanwhile, two other parties have viewed the law as legitimate.

"We are categorical in stating that it (the law) is a way of intervening in the domestic affairs (of the island) and violates human rights," Eduardo Linares, a leader of the once rebel FMLN stated to NOTIMEX.

The former guerrilla insisted the implementation of the measure, which punishes companies of third countries that invest in Cuba, "is killing the Cuban people" and recommended that the United States find another solution to its differences with the Caribbean island.

"Everyone is free to trade with God or the devil. The law is an insult to the sovereignty of countries," Linares added.

Deputy Rene Figueroa, of the ruling Nationalist Republican Alliance (Arena), expressed his total support for the law applied by Washington against Havana, "because this type of pressure is necessary so Cuba will give signs of a democratic opening."

"Unfortunately, this law affects third parties, but it is inconceivable that these types of governments (such as Cuba's) still exist," the deputy said in an interview with NOTIMEX. "We were victims of that government (Fidel Castro's) which has a moral debt with El Salvador and Central America," Figueroa said.

Julio Regalado, deputy of the Social Christian Renewal Party (PRSC), blamed the Cuban Government for the decision adopted by the Clinton administration. He justified Washington's decision, saying it "has some right" to apply the law on third countries that maintain trade ties with Cuba. "The Cuban Government and not the companies are responsible (for the U.S. decision)," Regalado reiterated.

The Helms-Burton law, which seeks to discourage foreign investments in Cuba, establishes sanctions against companies and businessmen who utilize properties confiscated from U.S. citizens in Cuba. The U.S. State Department said last week it issued letters to Mexican, Italian, and Canadian companies warning them they faced sanctions due to their businesses in the Caribbean country.

Nicaragua

Nicaragua: Chamorro Travels to Washington for Checkup

PA0606222796 Mexico City NOTIMEX in Spanish 2042 GMT 6 Jun 96

[FBIS Translated Text] Managua, 6 Jun (NOTIMEX) — It was announced in Managua today that Nicaraguan President Violeta Chamorro traveled to Washington on 6 June for a medical checkup after being diagnosed with a neuromuscular disease. She had been resting for the past two weeks.

A Presidency communique stated that the president traveled to the U.S. capital on 6 June for treatment by specialists in that city.

Chamorro was diagnosed with a neuromuscular disease after returning from visits to Canada and Taiwan in mid-May, and she has been away from her office at the presidential palace for the past two weeks.

According to the official communique, the president is only attending to "important state matters" at her residence in the neighborhood of Las Palmas in southern Managua. She has been resting as per doctors' orders, stated the official communique, adding that she will return to Managua next week.

Panama

Panama: President Denies U.S. Troops To Stay Indefinitely

PA0706025196 Panama City Circuito RPC Television in Spanish 2300 GMT 6 Jun 96

[Report by Jahiro Polo in Bocas del Toro; from the "RPC Television News" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] [Unidentified reporter] The closure of Operation Fuertes Caminos '96 was carried out with the participation of the president of the Republic, high-ranking, U.S. diplomatic authorities, and the U.S. Army South commanding general. The ceremony was held in the remote town of Valle de Risco, Bocas del Toro Province.

[Polo] The arrival of helicopters served to gather the community of Ngobe Bugle, Valle de Risco, that has worked for more than four months with U.S. Army South units within Nuevos Horizontes '96, through which U.S. engineers have carried out important projects to benefit this remote area. The community now has five new schools, two health centers, five new bridges, one 11.7 km road connecting the region

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of Almirante with Valle de Risco, as well as other works. All this cost $11 million, and $2.3 million were invested locally.

The ceremony included the participation of U.S. Ambassador William Hughes who admitted to the people the surrounding area is extremely important and has environmental value that all must protect.

Meanwhile, Major General Lawson Magruder, commanding general of the U.S. Army South, recognized the cooperation of various local officials in the implementation of these projects.

Following his participation in the ceremony and once the works were inaugurated, President Ernesto Perez Balladares reasserted the proposal submitted to the OAS General Assembly; that is, to create a center in Panama for studies on and the struggle against drug trafficking:

[Perez Balladares] "I obviously believe this would entail a civilian component and a military component."

[Polo] He also denied this means U.S. troops will remain in Panama indefinitely after 2000, as the local media have reported:

[Perez Balladares] "No, there is no agreement. We are only continuing to review various possibilities."

[Polo] The president also denied that there is a crisis at the government level and that there are plans for cabinet changes:

[Perez Balladares] "No, no, this has not been considered."

[Polo] On the position adopted by the OAS members who have rejected the implementation of the Helms-Burton law, the president has said:

[Perez Balladares] "What the OAS foreign ministers have done is to ask the Inter-American Juridical Committee to issue a ruling on the law. We agree a ruling should be issued."

[Polo] President Perez Balladares has announced that Foreign Minister Samuel Lewis Galindo is expected to reassume his post soon after facing serious, medical problems.

Panama: EU To Participate in Studies on Modernizing Canal

PA0606234296 Panama City LA PRENSA (26th OAS General Assembly Supplement) in Spanish 5 Jun 96 p 8

[Report by Julio Cesar Aizprua]

[FBIS Translated Text] Spain's Manuel Marin, vice president of the European Commission, has confirmed the European Union has decided to participate in technical studies on new opportunities to modernize the Panama Canal once it is reverted to Panama in the year 2000.

Marin has said a technical mission of the European Union will arrive in Panama in two weeks to establish contact with Panamanaian authorities and with the people responsible for the Canal to determine European participation in the modern engineering endeavor.

The delegation, he has said, will try to establish specific ways Europe can participate in the culmination of technical studies made from 1986 to 1993 by the Tripartite Commission, which is comprised by the United States, Japan, and Panama, to modernize the Canal.

Official sources said yesterday that the Panamanian Foreign Ministry stated recently the European Union will have a $25 million fund to finance the reviewing and updating of the studies to determine alternatives of the Panama Canal in view of the fast growth of the world's merchant fleet in recent years. This fund would be provided by the European Union and other countries that were not mentioned and will be administered by the Inter-American Development Bank through a trusteeship.

Marin said the European Union is reportedly prepared to participate in the reviewing and updating of studies for Panama Canal alternatives "once the specific ways for its participation are established."

Likewise, "considering the importance the channel has for Europe," the European Union will try to examine the possibility of supporting the organizing of a Universal Congress of the Panama Canal to take place in September 1997.

Europe plans to make investments in Latin American markets through processing zones for exports and the Colon Free Zone and in tourism and the environment.

Marin has said the European participation in the future of the Panamanian channel must have been established by the time the Universal Congress on the Canal takes place.

Without giving many details, Marin has said that the European Union has two regional plans involving Panama and that the Europeans would like to establish an educational program with its home office in Panama, using the facilities the former Canal Zone offers.

The program, called ALFA, consists of an exchange of university students from the Latin American region to further the education of the students of this region.

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Marin has said that next week he will present to the European authorities a proposal that Panama be accepted in the generalized agricultural preferences system. The European Union benefits Panama now with a generalized system of industrial preferences by which the country may sell its products there paying no customs.

Marin, who met with President Ernesto Perez Balladares for 20 minutes on 3 June, said that in this meeting he reiterated to the Panamanian chief of state the European support for the "City of Knowledge" project that will launch Panama as an international center of services in the fields of education, research, and innovation.

Panama: Columnist Says U.S., Panama Interested in Bases

PA0706024996 Panama City LA PRENSA in Spanish 6 Jun 96 p 2

["Without Rhyme or Reason" column by Mario J. Obaldia: "Open Agenda"]

[FBIS Translated Text] The Tuesday 4 June edition of EL PANAMA AMERICA reports on its front page: "President Clinton's personal adviser, Thomas McLarty, and our president, Ernesto I, held a meeting in unusual secrecy during the 26th OAS General Assembly taking place in Panama. In that meeting the two officials committed themselves "to maintaining a broad open bilateral agenda to eventually reach an agreement on the military bases as part of a convergence of mutual interests beyond the year 2000."

The news about this meeting surprised no one, but it changes the scenery that had been so carefully painted, in the days when we used to read reiterated declarations by representatives of the two countries. When it was said that several U.S. military bases could possibly stay on our territory, an authorized U.S. spokesman cautioned that the United States could continue using those bases but would not pay one single penny for occupying them. Our chief of state said that if there was no specific economic advantage for our country, his government was not prepared to engage in talks linked to the matter.

These concepts were repeated over and over, using similar words. However, in spite of the two governments insistence, through spokesmen, in minimizing the evident interest they have in considering the issue, we always believed that the reticence exhibited by both sides was because neither side wanted to take the first step and make a proposal. We continued believing that if the possible permanence of the military bases remained an issue it is because there are weighty reasons that do not permit a definite discarding of the matter. It was some sort of "hide and seek" game or a poker game in which neither player wanted to show his cards.

"Let every single colonialist stake be pulled out of Panamanian soil on 31 December 1999!" Carmelo [nickname for late Panamanian chief of state General Omar Torrijos] used to say, the one who is in heaven and who was the advocate, booster, and supporter of His Majesty Ernesto I. His faithful and euphoric followers chanted their support. But history goes on, time pushes forward, and the amount of money in the national coffers is dwindling alarmingly, and this is forcing a reconsideration of certain positions that yesterday were unyielding and, although there are still many Democratic Revolutionary Party militants and others who deep inside agree with the perhaps somewhat anachronistic postulates Carmelo upheld when he had supreme power, we are seeing how the two governments involved in the base matters are gradually moving closer to each other. This permits the prediction that very soon the "open agenda" being mentioned now will become a specific agenda that the Panamanian people will eventually have to consider.

We hope that the "unusual secrecy" that we have mentioned today does not prevail during the negotiations that undoubtedly will be the continuation of the commitment that has been acquired and that we mentioned in the first paragraph of this article. As the negotiations advance, the Panamanian people must be kept duly informed of their development because at the end it will be the Panamanians who in a referendum will accept or reject whatever is negotiated by our government.

Panama: U.S. Embargo Said To Harm Shrimp Exports

PA0706033996 Panama City LA PRENSA in Spanish 6 Jun 96 p 33A

[Report by Julio Cesar Aizprua]

[FBIS Translated Text] Shrimp exports registered a slight drop in March and May, compared to the same period in 1995, and the situation is attributed to the U.S. embargo on this commercial activity.

A source from the Panmanian Foreign Trade Institute (IPCE) said yesterday that the embargo had a "small" influence on Panamanian shrimp exports to the U.S. market, where approximately 90 percent of the shrimp are exported.

Shrimp exports in March and May resulted in revenues totaling $891,044 and $4,587,666, respectively, while they totaled $2,181,271 and $4,642,866 in March and May 1995.

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The source, who opted to remain anonymous, said exports registered a slight increase once the United States lifted the embargo.

The United States excluded Panama and 11 other countries from an embargo on shrimp exports to the U.S. market last month because they adopted measures to protect sea turtles.

However, Commerce and Industries Minister Nitzia de Villareal said the embargo will not work for Panama because the Panamanian Government had previously enforced the "mandatory" use of protection systems on all shrimp boats.

Villareal explained that the certificate of compliance with this measure was delivered to the U.S. Embassy in Panama back in April, and it was accepted by the Office of the Under Secretary of State for Economic, Business, and Agricultural Affairs.

The United States is the leading market for Panama's shrimp production. These exports represented approximately $80 million in revenues for the country last year.

The IPCE source explained that shrimp export figures for the first five months of 1996 are "unofficial" because they were taken from the monthly reports that the Export Procedures Unit prepares based on information gathered from export forms.

Panama: Column on 'Offensive Language' by U.S. Official

PA0706040596 Panama City LA PRENSA in Spanish 6 Jun 96 p 1

[From the "As of Today" column]

[FBIS Translated Text] The 26th OAS General Assembly session, very fruitful in many important regards, was tainted by the offensive language used by the permanent representative of the United States, Harriet Babbitt, who has characterized as shameful, diplomatic cowardice the attitude of the foreign ministers who have approved a resolution asking the Inter-American Juridical Committee to examine the Helms-Burton law, which imposes sanctions on whoever negotiates with Cuba.

The essence of the matter can be discussed from the point of view of those who criticize the law, because they view it as an effort to give extraterritorial weight to a U.S. law regardless of what other countries' laws may say, or it can be analyzed from the point of view of those who say the law just presents alternatives: Whoever does business with Cuba cannot do it with the United States, and whoever does business with the United States cannot do business with Cuba. Many arguments can be used to defend either position, but what is unacceptable is the lowering of a dialogue between diplomatic representatives of countries claiming to have common interests to such deplorable levels.

If this is a matter about cowardice, the U.S. representative would not have appreciated being reminded of the most questionable U.S. behavior of 1961, when it armed, trained, and directed the sadly notorious Bay of Pigs invasion but failed to fulfill what it had promised to Cuban exiles who had paid with their lives or prison for their allies' desertion.

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Argentina

Argentina: Memem Eulogizes Falklands Pilots

PY0606200496 Buenos Aires TELAM in Spanish 1330 GMT 6 Jun 96

[FBIS Translated Excerpt] Buenos Aires, 6 Jun (TELAM) — President Carlos Menem today paid tribute to the Argentine pilots who fell defending our territorial sovereignty during the South Atlantic war in 1982. He said democracy, liberty, and human rights around the world should be based on peace.

The president said: "We are totally convinced that military conflicts lead nowhere. It is better to maintain peace worldwide."

Menem made a speech at the closing ceremony of the 36th Conference of Air Force Commanders-in-Chief of the Americas at the Intercontinental Hotel, in the presence of Defense Minister Oscar Camilion.

During their four-day conference, the Air Force commanders of the Americas broached technical and scientific issues of common interest. During the closing ceremony, Brigadier General Juan Paulik, Air Force chief of staff; and Air Force General Rafael Berzain Rodriguez, Bolivian Air Force commander general, also spoke.

Menem emphasized the achievements during the Air Force commanders conference. He paid tribute to the Argentine pilots who fell during the South Atlantic during the Malvinas war.

The president noted: "I cannot miss this opportunity to pay tribute to those Argentine pilots who, in their 1982 baptism of fire, fell in defense of the Argentine territorial sovereignty."

The president emphasized that significant experience was gained during that war. He noted: "We, Argentines are totally convinced that military conflicts lead nowhere." [passage omitted]

Argentina: Colonel Indicted in Arms Diversion Case

PY0606185196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1405 GMT 6 Jun 96

[FBIS Translated Text] Buenos Aires, 6 Jun (NA) — Federal Judge Jorge Urso today ordered the indictment of former Military Industries Director Colonel Carlos Jorge Franke. The judge also embargoed his assets for 400,000 pesos. Both decisions relate to the illegal sale of arms to Ecuador.

The judge ruled that Franke is involved in the crime of "presumed falsification of public documents."

In the same resolution Judge Urso acquitted former Military Industries Deputy Trustee Norberto Osvaldo Emanuel for lack of evidence.

Argentina: Cordoba Senator Suspended for 60 Days

PY0606185296 Buenos Aires TELAM in Spanish 0306 GMT 6 Jun 96

[FBIS Translated Excerpt] [illegible]os Aires, 5 Jun (TELAM) — The Senate tonig[illegible]pproved a 60-day suspension of Eduardo Angeloz, UCR [Radical Civic Union] senator for Cordoba Province. The suspension will allow Angeloz to appear before Judge Manuel Molina, who is investigating allegations of undue accumulation of wealth during his tenure as governor.

The PJ [Justicialist Party] proposal was individually voted for at 2320 by 35 PJ senators, Republican Force Senator Carlos Almiron, and Frepaso [Front for a Country in Solidarity] Senator Graciela Fernandez Meijide.

A total of 13 UCR senators and Pedro Villarroel, Civic and Social Front senator for Catamarca Province, voted against the PJ proposal.

Alfredo Avelin, a Renewal Crusade senator for San Juan Province abstained from voting. Fernando de la Rua, Luis Leon, Antonio Cafiero, Jose Antonio Romero Feris, Juan Aguirre Lanari, Jorge Solana, and Angeloz himself did not participate in the session for various reasons. [passage omitted]

Argentina: Former Chief of Cabinet Sworn In as Senator

PY0606150596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2033 GMT 5 Jun 96

[FBIS Translated Text] Buenos Aires, 5 Jun (NA) — In a session hall packed with ruling party officials and governors, former Chief of Cabinet Eduardo Bauza was sworn in this afternoon as senator for Mendoza Province.

Buenos Aires Governor Eduardo Duhalde was the first one to congratulate the brand new senator for the Mendoza Province Justicialist Party. Bauza was designated in April to occupy the seat vacated by Jose Bordon.

Brazil

Brazil: Foreign Minister Announces Arms Talks With U.S.

PY0606184996 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 6 Jun 96

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia has announced that the Brazilian and U.S.

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Governments are discussing an agreement to fight arms smuggling. Lampreia met with Justice Minister Nelson Jobim to discuss the issue.

The agreement will provide for joint actions by Brazilian and U.S. police officials to investigate arms smuggling.

Lampreia will travel next week to Luxembourg, Brussels, and Germany. While in Luxembourg, he will attend the first meeting of Mercosur [Common Market of the South] and EU ministers.

He hopes to achieve agreements to make trade between the two blocs more intense and unrestricted. During his meetings with the European ministers, Lampreia will also call for a fair, appropriate treatment for Brazilian products which have been subjected to a number of restrictions in European countries. He said:

[Begin recording] We will also ask for measures to expedite our exports and thus enable our trade to Europe to expand as much as European exports to Brazil are expanding. [end recording]

Lampreia yesterday met with Jobim to discuss, among other subjects, the smuggling of weapons from the United States to Brazil. He said Brazil seeks a mutual agreement to fight the arms smuggling.

Brazil: Vale do Rio Doce Not To Be Privatized 'This Year'

PY0606032696 Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 5 Jun 96

[FBIS Translated Text] BNDES [National Bank for Economic and Social Development] President Luis Carlos Mendonca de Barros reported last night that the Vale do Rio Doce will not be privatized this year. Its privatization process, however, is well ahead and the privatization model has already been defined.

This past weekend, Luis Carlos Mendonca de Barros met with the Vale do Rio Doce directors and experts who evaluated the company. He concluded that its privatization will have to be carried out next year. They need time to finish evaluating the company, to allow buyers to prepare themselves, and to allow Congress to discuss the bid call.

[Begin Mendonca de Barros recording] They must give a copy of the bid call to congressmen for discussion. Therefore, if we add all these terms, we will make it for January or February next year. That is the most likely date for the sale of the first group of shares. [end recording]

According to Mendonca de Barros, the French model will be adopted to privatize the Vale do Rio Doce. It will be sold in two stages. In the first stage, the control stock will be sold first. This represents 45 percent of the shares. Afterward, the government will sell the rest of its shares in the company, which is 31 percent, to the public in an atomized manner in the stock exchanges. The government will create a golden share, which it will keep. This golden share gives the government veto power with regard to the decisions that will be made by the future board of directors. The government will also keep its rights to the Vale do Rio Doce mines. The profit the company obtains with the finding of new mines will be shared with the national Treasury. The profits of mines under exploitation for the past 30 years will also be shared.

The administration guarantees that the privatization program will not be suspended. The BNDES wants mainly to privatize infrastructure services like ports, roads, railways, and electricity companies.

The BNDES will sell another section of the federal railway system in June. It is the so-called central-east railway line that extends to Rio de Janeiro, Minas Gerais, and Espirito Santo. The BNDES also wants to finance private investments in the ports. It will spend nearly 500 million reals for this. It also intends to earn 500 million reals with the sale of the Rio de Janeiro State Electricity Company, CERJ.

Brazil: Rules for Privatizing Electricity Plants Noted

PY0606011596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Jun 96 p 15

[FBIS Translated Text] Brasilia — Investors who participate in the privatization process of electricity companies will have to assume the commitment of building a new electricity generating plant for every plant they buy. This new rule, which will be valid for most privatizations, was approved by the National Privatization Council following an explanation by Mines and Energy Minister Raimundo Brito. "The increase of the energy generating capability is just as important as the privatization of the power sector," the minister said.

The rule will be valid for the next privatization of a power plant, which will be that of Funil, belonging to Furnas [Furnas Electric Power Plants, Inc.]. Eletrobras [Brazilian Electric Power Company, Inc.] experts are studying which plant project can best be coupled to the auction of Funil. There are two options: The Canabrava and Sapucaia projects. Although the Funil auction will be carried out separately, the rule will be valid for all the privatizations in the electricity sector, whose model will be defined by consultants hired by the BNDES [National Bank for Economic and Social Development].

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Brito explained that the advantage of first selling the assets of Furnas is that the energy generated by Furnas mainly serves the states of Rio de Janeiro and Espirito Santo, already served by the distribution companies Light [Power Services, Inc.] and Escelsa [Espirito Santo Power Plants, Inc.], which have already been privatized. "This calms investors who are worried with regard to the guarantee of payment of energy," Brito said.

This is why the minister considers it essential to privatize energy distribution companies, most of which belong to state administrations, which is a factor that worries investors. The BNDES is helping governors to privatize these companies, by financing their streamlining programs. The legislative assemblies of the states of Bahia, Rio de Janeiro, Mato Grosso, Mato Grosso do Sul, and Rondonia have already approved the privatization program of the power companies in their respective states. Similar projects are being analyzed in the states of Sao Paulo, Rio Grande do Sul, Rio Grande do Norte, and Goias.

The change of strategy in the privatization process is a consequence of the Mines and Energy Ministry's concern about a possible collapse of the energy supply. This risk, however, has been reduced with the resumption of several projects that were paralyzed, but it demands more intensive measures that cannot be realized solely with private capital.

Brazil: Consequences of Serra's Mayoral Candidacy Analyzed

PY0606035596 Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jun 96 p 9

[By Eliana Castanhede]

[FBIS Translated Text] The candidacy to the post of mayor of Sao Paulo of the now former Planning Minister Jose Serra has made President Fernando Henrique Cardoso lose his main defender in the internal confrontations and against the criticism from the outside. A senator elected with 6 million votes, obstinate, intransigent, and possessing a strong personality, Professor Serra, 54, an economist, was the most spectacular factor in the Sao Paulo elections and for the PSDB [Brazilian Social Democracy Party] chances for the contest scheduled for October. Serra left a major vacuum in the government.

Was the government unable to check the public deficit? The blame was put on Serra. Isn't there a consistent social policy? Serra is to blame. Is the privatization process going slowly? Serra is to blame. Now, in the absence of "suspect No. 1," who played the role of shield, the answer to those questions might directly hit the president.

During its meetings, the National Privatization Committee (CND) made a joke of a reiterated expression of Serra. Whenever it was necessary to delay a privatization because of technical reasons or to adjust the timetable, the minister said: "It's OK, but you already know who will receive the benefits...."

Before the decision on Serra's candidacy, one of President Cardoso's closest interlocutors warned: "Pay attention to the ministries' esplanade. You look both ways and think: Who will defend the government and hit crucial topics? Krause, Jobim, or Malan?" Incoming Planning Minister Antonio Kandir, who — like Serra — is a Sao Paulo lawmaker, economist, and PSDB member, will certainly not play this role. Kandir is different from Serra in two ways: His style is much softer, and he is much further away from the president.

For President Cardoso, Serra's style was comfortable. While Serra was the bad guy, the president was the good guy. This was also the reason for many of the internal conflicts. Serra charged Communications Minister Sergio Motta with restricting the privatization process of the Telebras [Brazilian Telecommunications, Inc.] system and, later, with carying out a retrograde project to regulate the easing of the telecommunications area by maintaining excessive state control over the process.

If he had conflicts with his old friend Motta, just imagine with the other ministers. He charged that Itamaraty was slowly complying with the deadlines established by the WTO. Serra also meddled with the definition of quotas for the automobile sector. He criticized Mines and Energy Minister Raimundo Brito because, instead of hiring independent consulting firms, he assigned to Petrobras [Brazilian Petroleum Corporation] the design of the regulations for easing the petroleum monopoly.

Serra always tried to recall, although not very successfully, that the main instruments for reducing the deficit are not in the Planning but in the Finance Ministry. They are the Federal Revenue Secretariat, which collects taxes, and the national Treasury, which releases the funds. Yet that was another story: The story of theoretical discussions on interest rates and on the exchange rate, and of the power dispute between between Serra and some of his partners in the economic area.

Even though he does not usually change the tone of his voice, at least on one occasion he let the government listen to his shouts: It was with Social Security Minister Reinhold Stephanes, who wanted to increase retirement allowances by 20 percent. Exasperated — because the government was losing the war against the public deficit — the planning minister jumped up and banned the increase.

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He also took a hard stance on public servants, banning all adjustments and terminating their traditional collective agreement renewal date. He was also hard on municipal governments, to whom he denied a financial improvement program that was as soft as the one that was authorized for the states. For Minister Serra, those attitudes won the applause of some economists. For candidate Serra, it would just be better to forget them.

The same thing happened with two Planning Ministry inspired projects, not popular at all, that the government submitted to Congress: One of them imposed a social security tax on retired federal government workers. The other one imposed the same tax on free-lance workers. The two projects were his contribution to the impossible magic to balance public accounts, with skyrocketing interest rates and with the structural reforms paralyzed in Congress. Yet those projects can also become an arm against him in his campaign in Sao Paulo.

Jose Serra's adversaries contend that his stepping down will eliminate the tension in the economic are. For government allies, the point is to know whether the end of tension — or, from another viewpoint, the end of debate, controversy, and of the search for the best solution — will be healthy or, on the contrary, harmful for the government of Fernando Henrique Cardoso.

For the time being, the president does not intend to reshuffle his team. After the October elections, however, it is believed that what people close to the president have referred to as an "adjustment" will be implemented for sure. The result of the elections in Sao Paulo will be central for those measures.

Brazil: PMDB Annuls Convention in Sao Paulo

PY0606015796 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jun 96 p A1

[Report by Eliane Castanhede and Maria Ines Nassif]

[FBIS Translated Text] The Sao Paulo PMDB [Brazilian Democratic Movement Party] regional executive board last night annulled the party convention that on 2 June elected the ticket of Deputies Jose Aristodemo Pinotti and Alberto Goldman for the municipal elections. The decision might benefit pro-Quercia candidate Joao Oswaldo Leiva, who won the previous electoral round sponsored by the party, against which legal action has also been filed with the courts.

The party executive board called a meeting of the party municipal board for 13 June, to examine a possible appeal against candidate Pinotti, who until last night had not yet been proclaimed. Leiva announced the executive board decision to annul the convention in which his rival won by seven votes. Goldman did not attend the executive board meeting, noting that he will file an appeal with the courts. He told this newspaper: "If they do not take the result of the convention to the Electoral Court, we will," adding: "The law grants us this right."

The executive board decision affects not only the candidates for mayor and deputy mayor, but the candidates for councilmen also. The PMDB must register the full ticket before 30 June.

Independent of the legal dispute between the pro and anti-Quercia people, Goldman yesterday hailed what he called the end of Quercia domination in Sao Paulo. He admitted the possibility of a future alliance between the PMDB and the PSDB [Brazilian Social Democracy Party] at three levels: At a municipal level to support Jose Serra; at a state level to give Governor Mario Covas a majority at the Legislative Assembly; and at a federal level for the presidential elections in 1998.

Goldman believes this possibility has been signaled by the break between the PFL [Liberal Front Party] and the PSDB in Sao Paulo, and by the defeat of the group of former Governor Orestes Quercia at the party convention, despite the fact that this has been appealed.

Brazil: PSDB-PFL-PL Mayoral Candidate in Porto Alegre

PY0606020096 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jun 96 p A8

[Report by Sergio Bueno]

[FBIS Translated Excerpt] Federal Deputy Yeda Crusius is the PSDB [Brazilian Social Democracy Party] candidate for the post of mayor of Porto Alegre. On the morning of 3 June, flanked by Rio Grande do Sul PSDB President Joao Gilberto Lucas Coelho and Education Minister Paulo Renato Souza, Crusius officially announced a coalition with the PFL [Liberal Front Party] and the PL [Liberal Party]. State Deputy Onix Lorenzoni is the candidate for deputy. [passage omitted]

With only one councilman — former PT [Workers Party] member Antonio Holfeldt — the PSDB has only 5,000 members in the Rio Grande do Sul capital. The coalition is a rehearsal for part of the federal government's support base in Congress. Through the coalition, the PSDB seeks to reverse the high rejection of President Fernando Henrique Cardoso in the state. The alliance ensures that most candidates for councilman will be filled by the PSDB, which will nominate 24 candidates. The remaining 16 candidates will be divided between the two other allied parties.

The candidacy of Crusius is also the result of pressure by the party national executive board. After Jose Serra

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was nominated for the contest in Sao Paulo, Franco Montoro personally talked with Crusius, asking her to participate in the race in Porto Alegre, which is considered strategic for the party. [passage omitted]

Brazil: Roundup of Economic Reports Through 5 Jun

PY0606013096

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 5 June

BASIC LEADING INDICATORS

Light Privatization Currency Increased — On 29 May, the privatization currency market had one of its most accentuated increases. It was the last day for the new private owners of the Light and Power company to purchase the 520 million reals, R, in privatization certificates they needed to purchase the company, which had been auctioned for R2.2 billion. The most sought after certificates were the Brazilian Electric Power Company, Inc. debentures which, on 24 May, were sold for 45 percent of their face value and which by 29 May had increased as much as 22 percent. (Sao Paulo GAZETA MERCANTIL in Portuguese 30 May 96 pp A1, B4)

Misery Decreasing After Real Plan — A study by economist Sonia Rocha of the Applied Economic Research Institute shows that Brazil now has 5 million less people living in extreme poverty. Their number in Sao Paulo, Rio de Janeiro, Recife, Belo Horizonte, Salvador, and Porto Alegre dropped from 16,339,400 in July 1994 to 11,327,200 in January 1996. The number of extremely poor people living in these cities in July 1994 represented 42 percent of the overall population and, at the beginning of 1996, this number had dropped to 29 percent. The study also indicates that the average earnings of employed people has increased from R341 to R423. (Rio de Janeiro O GLOBO in Portuguese 31 May 96 p 19)

Informal Economy Employing More People — A Brazilian Institute of Geography and Statistics study shows one in every four living in Rio de Janeiro county works in informal jobs. Their number totals 560,000, while the number of so-called informal enterprises owned by them or employing them stands at 444,000. Some 56 percent of these people have been working in informal jobs for more than five years and 30 percent for more than 10 years. The informal economy area is a paradise for owners: 85 percent of those working in the area are their own bosses or hire other people. The study indicates that half of them were born in Rio de Janeiro, that they are very satisfied with their jobs, and that only 8 percent of them would like to be doing something else. (Rio de Janeiro O GLOBO in Portuguese 1 Jun 96 p 23)

Chicken Processing Plant Losses — The largest chicken and pork processing plants in the country have reported on the difficult situation they have been facing due to huge increases in the price of fodder and to a drop in consumption. Sadia Concordia, of the Sadia Group, has reported on 31 May a R7.694 million loss in the first three months of the year, while Ceval had a negative balance of R13.810 million in the same period. (Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jun 96 p B19)

Exports Record Level Seen — Brazilian exports from January to May totaled $19.079 billion and represent the highest level ever in for this period of the year. This amount surpasses the January-May 1995 exports by 10.09 percent. May exports alone totaled $4.205 billion and surpassed by 7.16 percent those of the same month last year. Brazilian exports in the last 12 months totaled $48.255 billion, 8.43 percent higher than the period June 1994-May 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 2150 GMT 4 Jun 96)

FINANCIAL OPERATIONS

Copel Drafting Feasibility Study — On 30 May, the Parana Power Company, Copel, signed a letter of intent for consultation work and the drafting of feasibility studies for the construction of the Shi Bu Ya hydroelectric plant. The accord, which was signed with the PRC Hubei Qingjiang Hydroelectric Development Limited Liability Corporation, is the first Copel has signed with the PRC. The studies must be finished before 1998. If approved, Copel will act as construction manager for the works. With a capacity of 2 gigawatts of energy, the Shi Bu Ya plant will be larger than all the hydroelectric plants Copel has ever built in Parana. The Foz do Areia plant, on the Iguacu River, has a 1.2 gigawatts capacity. (Sao Paulo GAZETA MERCANTIL in Portuguese 31 May-2 Jun 96 p C3)

Petrobras 3-Month Profit Reported — From January to March, the Brazilian Petroleum Corporation had an accumulated net profit of $80 million. In the same period last year, the net profit totaled $83 million. The company reported that its overall investments totaled $693 million in the same period. (Sao Paulo AGENCIA ESTADO in Portuguese 0017 GMT 1 Jun 96)

CST Shares Control Reported — Francisco Schettino, president of the Rio Doce Valley Company, CVRD, has announced that a contract was signed on 31 May with the new share-control diagram for the Tubarao Iron and Steel Company, CST, which is the second

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largest steel exporter in Brazil. Schetino added that the Kawasaki company, which already had 13 percent of the CST shares, bought 20.5 percent more from the Bozano, Simonsen Bank and sold 4 percent to the California Steel company. The CVRD owns 50 percent of the California Steel company. Itabira Special Steel Company, Acesita, has purchased 20.5 percent of the CST capital from Unibanco. As a result of the operation that involved nearly R400 million, Acesita now has 27.5 percent of the CST shares, CVRD has 22.5 percent, and Kawasaki has 22.5 percent. (Rio de Janeiro O GLOBO in Portuguese 1 Jun 96 p 25)

Finnish Group To Invest in Telephony — The Nokia Group, which was founded in Finland 127 years ago, will open a subsidiary in Brazil. This will be announced during the Americas Telecom , which will be held in Rio de Janeiro in June. The Communications Ministry and the International Telecommunication Union will sponsor this event. The group's subsidiary in Brazil will market products of the Nokia Mobile Phones company. Research shows that by 2000 some 10 million people will have cellular phones in Brazil. In 1994, the Finnish group launched cellular phones with simultaneous analog and digital system. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jun p B12)

Exchange Market Balance Reported — The exchange market ended May with a $3.7 billion balance, the highest since August 1995. The federal administration has resorted for some time to restrictive measures to reduce the admittance of foreign capital, which accounted for some 7 percent of the $3.7 billion generated. The financial area had a $2.63 billion surplus, while the trade balance totaled $1.08 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 2204 GMT 3 Jun 96)

Government Certificates Flood Market — The amount of public certificates that comprise the overall money and investments mass in the country increased very much and reached its highest level in the last 16 years. As a result of an explosion of the government debt, the huge flow of dollars entering the country, and the large amount of money used to assist the banking system — particularly the resources used to cover the holes left by the Economico and Nacional banks — federal certificates totaled an unprecedented 27.8 percent of the overall amount of money in the Brazilian economy. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Jun 96 p B1)

COMMERCIAL VISITS, OVERTURES

PRC Delegation Visits Varig — A delegation of PRC entrepreneurs from the three main PRC airlines — Air China, China Eastern Airlines, and China Southern Airlines — visited on 30 May the maintenance facilities of the Rio Grande do Sul Airline, Varig, which is the largest in Latin America. The delegation was led by the PRC Civil Aviation Minister Chen Guangyi. They also visited the flight training center. The delegation lunched with Varig President Fernando Pinto and the company directors. (Rio de Janeiro O GLOBO in Portuguese 31 May 96 p 25)

Chile

Chile: U.S. Reaction to OAS Resolution 'Incomprehensible'

PY0706034196 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 7 Jun 96

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza has termed incomprehensible the U.S. representative's reaction to the OAS General Assembly resolution against the controversial Helms-Burton Law, which seeks to restrict trade with Cuba.

The Chilean foreign minister returned to the country tonight after participating in the OAS Assembly held in Panama. Insulza said that the resolution adopted by member countries to submit the controversial Helms-Burton Law to an analysis to determine its legal validity was obtained by consensus. For this reason, he said, the reaction of the U.S. delegate is rather incomprehensible, particularly because the resolution does not mean support for the Cuban regime, but rather only constitutes an attempt to protect freedom of trade among member countries.

Chile: Benefits of Joining Mercosur 'Not Yet Clear'

PY0606170396 Santiago EL MERCURIO in Spanish 5 Jun 96 p A1

[Article by Patricia Vildosola]

[FBIS Translated Excerpt] Negotiations for Chile's entry into the Common Market of the South (Mercosur) are being held within a hazy climate. Very few understand details of government negotiations, and much less how national consumers will benefit from this agreement with Mercosur.

Everything that is being done in this regard does not seem to be very specific, such as the date Chile will join Mercosur.

Government officials feel that the inclusion of Chile in Mercosur will mean "that all consumers will have access to a larger number of goods and at a lower cost."

Economy Minister Alvaro Garcia said that several products of mass consumption will be favored by a

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reduction of prices which will directly benefit the people.

Nevertheless, representatives of several production areas do not seem to be convinced.

Moreover, although some admit that there would be a reduction, which will certainly benefit the family basket, some claim that it will be rather small and that they will have little impact on what consumers pay when purchasing goods. They said that in this field one must be cautious and not create false expectations.

Given the fact that most products that might be included on the Mercosur list must be analyzed individually, it is not yet clear which will be affected.

Alfonso Mujica, President of the National Chamber of Commerce, said that "if petroleum is considered, for instance, we would have a considerable price reduction. But since there is nothing clear yet, we cannot make predictions on the result of Mercosur."

Minister Garcia is more optimistic. In his opinion, the agreement will basically imply lower prices that will be prompted by two causes: first, tariff reduction for imports of consumption goods from member countries of the treaty; and second, the entry of raw material will reduce national production costs.

According to Garcia, among the products that will be affected by considerable tariff reductions once the treaty is signed is medicine. "One of every four dollars the country spends on purchasing medicine abroad goes to Mercosur," he said.

The Chamber of the Chilean Pharmaceutical Industry does not see it that way. Its statistics show that only 2.48 percent of overall national imports of raw material from Mercosur member countries are used in manufacturing medicine. Moreover, of the $20 million in finished goods that entered the country from Mercosur countries, 19.4 percent represent pharmaceutical products.

Jose Manuel Cousino, Vice President of the Chilean Chamber of Pharmaceutical Industry, has explained that "given the fact that most raw material come from European countries, the United States, and Japan, and that in Chile we have an industry that produces at a very low cost, the impact of Mercosur on the value of our products would be rather small."

Assuming that one fifth of overall finished goods come from Mercosur member countries, it is deduced that "only that one fifth would reduce its costs and by no more than 3 percent. This would mean a drop in prices to consumers of between 0.5 percent to 0.7 percent."

Cousino admits that the treaty will bring benefits to Chilean exporters to Mercosur member countries. Today the pharmaceutical industry exports to that market a total value of $1,967,000 per year. With the agreement "that amount would be increased and very good business opportunities would open up." [passage omitted]

According to Minister Garcia, however, the Mercosur impact will be much more than just price reductions. "Together with tariff reductions, employment will increase, especially in exports of nontraditional products." [passage omitted]

Another area that could benefit from Mercosur is tourism. Although it would not mean special reductions for citizens from Mercosur member countries, it will facilitate a physical integration and the flow of visitors among different member countries.

Moreover, the existence of the agreement would open the possibility of planning integrated circuits that will be attractive for European, U.S., and Asian citizens to visit the Southern Cone. In fact, there is a Mercosur commission that promotes this type of tourism. [passage omitted]

Colombia

Colombia: Samper Reiterates Intention To Remain in Office

PA0606161096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 6 Jun 96

[From "The Latest News" newscast]

[FBIS Translated Text] Cali — Colombian President Ernesto Samper Pizano has stated that until the Chamber of Representatives resolves the case against him, his best defense is to remain in office. During his visit to Cali, the head of state asserted that he has not been busy defending himself because he has a clear conscience and he knows that the best way to defend himself is to govern on behalf of the Colombian people. [Words indistinct] in Cali, President Samper added, there are people who still believe that I am busy defending myself at Narino Palace. The president stated that if the Chamber of Representatives acquits him, he does intend to leave his post and he will rather make recommendations to seek constitutional solutions to the country's crisis.

Colombia: Samper Deplores Lawyer's Exclusion

PA0706033896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 6 Jun 96

[Report by Luis Eduardo Maldonado at Narino Palace in Santa Fe de Bogota; from "The Latest News" newscast]

[FBIS Translated Text] President Ernesto Samper Pizano rejected a petition for protection [tutela] from

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the Santa Fe de Bogota Higher Court, which prohibits his defense lawyer from participating in the Chamber of Representatives' investigation, and he deplored the fact that judges in Colombia are incorrectly using this measure.

[Begin Samper recording] To deny public opinion the right to hear the president's defense lawyer not only violates the basic right to receive information; it is also a judicial denial. Furthermore, we are in the presence of a formidable wrong — the petition for protection was established to defend a citizen's rights against the authorities.

Here it was used so that an authority, in this case the prosecutor in a process, a Chamber of Representatives member, could prevent a citizen from exercising his rights. [end recording]

Likewise, the Colombian president said no citizen had been so openly denied his right to be defended in a case.

[Begin Samper recording] I believe that never in the history of our Republic has a citizen ever appeared in a trial so devoid of guarantees for his defense as I have. I do not regret it.

In the past, the problem was solved by closing congress, which was the judge, and gagging the (?media) so it could not report. I will not close congress, much less silence the media. I did not do it last year, and I will not do it now, when things are drawing to a close.

However, I do wish to state, with the moral authority granted to me by this summation, my total and vehement disagreement with the form and manner in which my defense lawyer's right to present his version of the facts in these proceedings were precluded.

There is no reason why not even the defense lawyer should be allowed to speak in a trial that, due to its special spoken characteristics, cannot be treated like a normal procedure with the argument that his role ended when he presented his closing statement. Article 22 of the Penal Procedure Code states that our punitive law norms will prevail over any other provisions. [end recording]

President Ernesto Samper spoke here at Narino Palace during the ceremony to sanction the anti-kidnaping law. That is why he issued an appeal for the release of Juan Carlos Gaviria and all the people who have been kidnaped. The Colombian president said: I ask this of you on behalf of all the Colombian people [words indistinct] peace and tolerance.

[Santa Fe de Bogota Inravision Television Cadena 1 in Spanish at 1730 GMT on 6 June, as monitored from the retransmission by Lima Sistema Unida de Retransmision Television at 0000 GMT on 7 June, adds that Samper's Defense Attorney Luis Guillermo Nieto Roa describes being forced to follow the debate from the audience as unfair. He says: "I believe this would be a violation of fundamental rights. Naturally, if they remove me by force I will just have to leave; otherwise, I will be there."]

Colombia: Banks Taking Measures in Case of U.S. Blockade

PA0706001496 Santa Fe de Bogota EL TIEMPO in Spanish 6 Jun 96

[Received via Internet]

[FBIS Translated Text] The news of a possible imposition of economic restrictions by the United States on Colombia as a reprisal for the funneling of drug traffickers' money into politics and the alleged complicity of commercial banks in money laundering has put the local financial sector on edge, although there is no specific announcement on the nature of the blockade by U.S. authorities.

Although the financial system has expressed through the Bankers Association (Asobancaria) that there are no substantial legal reasons for the United States to impose restrictions, there is an atmosphere of concern over these threats, because — if they materialize — they could cause bilateral business affairs to suffer.

Asobancaria President Cesar Gonzalez Munoz felt that at present the financial system's relations with the U.S. Government and banks are good, as it has maintained a long-standing operational relationship with them, especially through correspondence offices.

Commercial bank officials consulted by FAXATIEMPO and who conduct business through correspondence offices with U.S. banks felt that in accordance with the law there should be no blockades of any kind, but warned that if this happens it would cause the country serious problems in operations such as the processing of loans and foreign commercial activities with local companies, including those conducted with banks from other latitudes.

In the latter case, it is common for U.S. banks to serve as a bridge between banks from other countries that do not have correspondence relations with Colombia.

The officials of international banks with branches in Colombia commented that, in the case of a blockade, currency exchange transactions would be the first to feel the impact, because the return of foreign currency drafts will be stopped.

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"This will not stop if the alleged blockade is done selectively, that is, if it is applied only to some financial institutions and not indiscriminately to the entire system," the official of a U.S. bank with offices in Colombia told FAXATIEMPO.

At any rate, the imposition of restrictive measures on Colombian banks is a possibility that the Asobancaria president does not see as being near, since he is of the opinion that the U.S. Government will not adopt this sort of measure without being certain it can be upheld in a court of law of that country.

According to Gonzalez, Colombian banks are taking preventive measures in case of a U.S. blockade and in that sense have been signing correspondence accords with the financial entities of other countries to avoid giving importers and exporters serious problems in their international transactions.

Colombia: Congressman Arrested, Admits Getting Drug Funds

PA0706031296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 6 Jun 96

[Report by Reynel Beleno Quiros; from "The Latest News" newscast]

[FBIS Translated Text] Representative (Tiberio Villarreal Ramos), who was arrested today in compliance with a Supreme Court of Justice [CSJ] order, has admitted that he received money from drug trafficking companies used as a facade and headed by Miguel Rodriguez Orejuela.

In a raid conducted at the request of the Prosecutor General's Office, deeds in his name were found that were issued by Rodriguez from lucrative and exacting contracts and quasi-contracts.

This is absolutely true, the congressman pointed out during a deposition made at the CSJ. He added that the (Inversiones Ara) Company paid for his lodging at the Inter-Continental Hotel in Cali.

In depositions made at the CSJ, he also admitted that, on several occasions, he conducted sports transactions with Rodriguez when the latter was a director of Cali's America Sports Club. In addition, (Villarreal) admitted that he received lucrative contributions for solidarity actions [actos de solidaridad].

Moreover, he admitted that on several occasions, when he headed the Bucaramanga Athletic Club, certain lodgings at Cali's Inter-Continental Hotel were paid with (Inversiones Ara) checks in compliance with an order issued by Rodriguez.

(Villarreal) admitted all this and argued that, when these events were taking place, government authorities had not lodged charges against the brothers Miguel and Gilberto Rodriguez Orejuela.

Colombia: Case 8,000 Senator Resigns

PA0706022496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 6 Jun 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 7 June]

[FBIS Translated Text] Arrested Senator Alberto Santofimio Botero resigned his seat in the Chamber of Representatives. He thus becomes the first parliamentarian involved in Case 8,000 to voluntarily give up his investiture.

After 28 years of uninterrupted work as a congressman, Alberto Santofimio presented his irrevocable resignation as senator of the Republic in a letter.

In his letter, addressed to the president of the Senate and known exclusively to the "National Newscast," the parliamentarian leaves his seat to his alternate. The Senate's board of directors accepted his resignation this very same morning.

Jesus Maria Suarez Letrado, an attorney from the plains, who has been replacing Santofimio ever since Santofimio was detained by order of the Supreme Court of Justice, will complete the term.

The congressman's resignation takes place just when the Supreme Court of Justice agreed to issue a sentence in advance for Santofimio, who is willing to confess certain felonies. In other words, the congressman admits to illegal enrichment charges from the receipt of drug trafficking monies.

What is not known is if the Supreme Court of Justice will continue hearing the Santofimio case after he has resigned his immunity privileges.

Colombia: Mogollon's Handling of Samper Case Assessed

96SM0340A Santa Fe de Bogota SEMANA in Spanish 3 Jun 96

[Article by Maria Isabel Rueda — received via Internet]

[FBIS Translated Text] It is a pity that President Samper's defense in what has, quite justifiably, been called the trial of the century, had to be incumbent on a man like Heine Mogollon. But not because of his suicidal position regarding Samper's innocence, which, in itself, fatally discredited his role as an investigator

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of the president. Rather, because the opportunity for bringing the transparency of Samper's conduct to the fore had to be given to a congressman so ignorant of legal matters, so intellectually impoverished, with so much difficulty in expressing himself, and with such a deplorable command of the language. And, in particular, a person so extraordinarily cynical that he could stand up before the country and claim that nothing happened here: after a year of investigations by the Prosecutor General's Office and the various judicial authorities who directed the charge against the president for four penal crimes before the Congress; after Colombia had been kept harassed for a year by the gradual discoveries of the rivers of "narco-money" that inundated the country during the last elections; after the downfall of President Samper's defense minister, and his subsequent detention; after the confession and detention of the campaign treasurer, Santiago Medina; after the detention of seven congressmen and the indictment of several others; after three cabinet ministers have been brought to trial for concealing what occurred in the campaign; and after President Samper's political power has become eroded to the point of fatally undermining his credibility as a chief executive, nothing happened here!

The president's representative-investigator never managed to do his job well. Ever since the time, last August, that he was caught, through a radio interview, rocking in a hammock in Lorica when they came to inform him that he had won the lottery to serve as head of the Accusations Commission, assuming the great challenge, the country has viewed him with suspicion. It was unjust, up to that point, because the distrust emerged from the absolute ignorance, outside of Chima, his native town, and Lorica, his current residence, of who in the devil was Heine Sorge Mogollon, in whose hands the country's political destiny would be placed one fine day. But it would not take the public long to confirm its initial impression, with the first voluntary statement that he took from the president of the republic, in which he omitted the most obvious questions that a novice investigator would have asked. On that occasion, he was content with listening to Samper's account, but disregarded his contradictions and omissions. He was especially cautious about delving into touchy subjects that might complicate his obvious determination to save the president of the republic with a capricious writ of prohibition [auto inhibitorio]. For this reason, he is currently being investigated by the Supreme Court, on charges of prevarication.

Mr. Mogollon must have felt rather bad when, owing to the obstinacy of the Prosecutor General's Office, indications and proof continued to be compiled, ultimately making it possible to charge the president of the republic before the Accusations Commission. But there, the public had its fears reconfirmed: as opposed to the farce of taking the president's statement again, with the same lack of curiosity that he had shown the first time, Mogollon did not take the trouble to submit different evidence. He concentrated for four months on the task in which he distorted, outright, his role as representative-investigator, whose duty it was to investigate both the factors favorable and unfavorable to the president, and instead became his representative-defender.

That is the dismal role that Colombians saw him play last week in front of the television cameras. I don't know, but in the depths of his conscience the notion must have crossed the president's mind that the allegation of his innocence could have been made on a higher plane. He has been so persistent in arguing his innocence, so skillful in the political handling of the crisis, and so politically experienced in reorganizing the Liberal steam-roller that, frankly, he deserved to have his defense made with greater dignity, with a better understanding of the law, and with greater respect for the laws on the part of someone who would at least have left the country believing that an effort was made to find the truth, and not to tamper with it.

There is another tragedy in the series of events that are keeping Samper on tenterhooks: being fated to have that very investigator, Mogollon, succeed in "Mogollonizing" the defense of the president of the republic. And, for heaven's sake, whether innocent or guilty, anyone deserves a better fate!.

The 'Mogollonizing' of Illicit Enrichment

Mogollon's first foray into the legal issue was made concerning the crime of illicit enrichment, with the following statement: "On this issue, we respect the viewpoints of the Prosecutor General's Office and the Supreme Court, but we depart from them." Just like that, in one fell swoop, Mogollon took the liberty of disregarding the viewpoint and jurisprudence of the top-ranking investigative agency for penal affairs, the Prosecutor General's Office, and the supreme penal judge, the Supreme Court. And he justified it with another statement in which, besides violating the law, he also (as he did in much of his address) violated the Spanish language: "Me, Heine Mogollon, who owes absolutely nothing to the drug cartels, or to the criminal associations, has (sic) every authority to conceptualize regarding a legal viewpoint, so as to incorporate it into this report or working document."

What Mogollon conceptualized and incorporated into his report was his free interpretation of the crime of illicit enrichment, contradicting the jurisprudence on

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the basis of which Santiago Medina, Fernando Botero, Manuel Francisco Becerra, Rodrigo Garavito, Alberto Santofimio, Gustavo Espinosa, Eduardo Mestre, and Alberto Giraldo, among others, are in jail. Mogollon, like the "narco" lawyers, the front men, and the politicians with guilty consciences, believes that illicit enrichment is substantiated only when the persons among whom the money originates have been previously sentenced for the crime of drug trafficking. It is like someone claiming that the Rodriguez brothers' money is not illicit because there is not yet a sentence against them for drug trafficking. In the arrest warrants that they have issued, the Prosecutor General's Office and the Supreme Court have made it clear that this is an autonomous crime, which does not require a prior sentence for drug trafficking. As for the Constitutional Court, which handed down a decision in 1993 declaring the crime of illicit enrichment as demandable without any conditions (but with some contradiction regarding its motivational aspect), it reiterated this in a recent decision in which it settled the issue by siding with the principle that the Prosecutor General's Office and the Supreme Court have been applying.

This means that, with his free interpretation of the crime of illicit enrichment, Mogollon is not only rebelling against the country's supreme juridical courts, but also, in order to defend the president, is arguing in the same way that the drug traffickers' defenders are arguing.

Because, furthermore, if the Chamber ends up shelving President Samper's proceedings based on this kind of chicanery, the message that will reach the country and the world is that Samper was found innocent because the Rodriguez brothers have not been officially declared to be drug traffickers.

Next, jurist Mogollon claims that Samper, furthermore, did not commit the offense of illicit enrichment, because his assets did not increase. However, in the view of more distinguished jurists than Heine Mogollon, the crime of illicit enrichment is something far more sophisticated than that. According to Decree 2266 of 1991, the increase in question must occur "indirectly or through an intervening person (...) for himself or for another." In this case, the assets that were unjustifiably increased were those of the presidential campaign, or those of the Modern Colombia Association. And if the fact that a corporate body rather than individuals are involved were to eliminate illicit enrichment, everyone would use associations or foundations to conceal illicit funds. President Samper may not have increased his own assets by a peso but, with the money from the Rodriguez brothers, the assets of the campaign that brought him to power increased.

The 'Mogollization' of the Witnesses

"None of the testimony obtained in the investigation deserves to be considered as such" (sic).

With this arrogant statement, Mogollon scraps the most serious testimony that has ever been produced against a president of Colombia. To achieve such a feat, Mogollon resorts to an illusion worthy of the magician, David Copperfield: making the statements of Botero and Medina disappear from the scene.

Although everyone has admitted that these testimonies are not perfect, nor in complete agreement, the trick of the magician from Chima consists of criticizing the two testimonies for a defect that only that of Botero contains. It is true, as Mogollon claims, that the major flaw in Botero's testimony is that he never cites a specific conversation with the then candidate regarding the drug money. But Medina does so. And he does it specifically with respect to an incident concerning which the president has given contradictory accounts. Medina claims that, at the Hotel Orquidea Real, at the height of the campaign, he consulted the candidate about a trip to Cali to discuss contributions to the campaign with the Rodriguez brothers. And, according to Medina, Samper's reply to him was that he would not discuss that with him, but rather with Botero. Whereas Medina has remained firm about this version on repeated occasions, the president has been contradictory. He told Mogollon in his first voluntary testimony that no such conversation had ever taken place. However, through an article published in the newspaper EL TIEMPO in mid-February, and presented by Narino House as the official version of the events, the story changed. Samper shifted from not admitting the conversation to admitting it halfway, agreeing that Medina had consulted him about the trip, but claiming that he received a categorical "no" from the candidate.

A genuine representative-investigator would have asked the president of the republic some of these questions: Which of the two versions is true? Why didn't the then candidate inform his campaign's ethical counsel that its treasurer had requested permission from him to receive money from the drug traffic? Why didn't he dismiss him immediately? And if, for the sake of argument, Samper considered this a minor fault or an improper proposal that had been left negated, why wasn't he on the alert when he heard the "narco-cassettes" on which it was stated that Medina had been in Cali meeting with the Rodriguez brothers? Wasn't it too much of a coincidence that Medina should have proposed doing something that was later confirmed in phone calls by two third parties as actually having been done by him?

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Representative Mogollon asserts: "On what are this pair, whose symbiosis is undeniable, in agreement? That money from the drug traffic entered the Samper for President campaign. On what else? That the money reached the treasury. They agree that the money was distributed and delivered in cash, both by Medina in the treasury, and at Medina's house. They are agreed on what is advantageous to them for their own defense." As if it would have been an advantage for Medina to admit that he received the boxes, and that everything took place at his house....

And, accepting, as he does, these agreements corroborating the serious indications that the money entered the campaign, Mogollon gets out of trouble with another statement: "Evidence? That is indeed difficult. It is necessary to have some evidentiary fact as a starting point, which, in this case, could be regarded as that of drug money having entered the president's campaign. Well, it is simply not so, because this is not a crime that would lead to a characterization of guilt, and that investigation is being conducted by other judicial authorities."

Mogollon cleverly makes it clear that the verification of whether or not money entered the campaign is not incumbent on him. It is his responsibility to demonstrate whether the president knew. However, he could hardly demonstrate that he knew about something the occurrence of which he was not responsible for demonstrating.

Subsequently, the investigator of the president makes another mistake revealing his gross ignorance of criminal law. He infers that the president is innocent because there are "three witnesses of this type (he also includes Maria Izquierdo), especially when none of them, hear this, offers proof, because it is their responsibility to prove (!!!) that (sic) the president did know, did have knowledge, and did order that the money from the drug traffic should enter the campaign because he endorsed that conduct."

The fact is, Mr. Mogollon, that Botero and Medina have offered their testimony under oath. It is incumbent on investigators such as you to find or not find the evidence. But you cannot assign the witnesses a responsibility that is not theirs.

The testimony of Maria Izquiero, who declared to the Supreme Court that Samper sent her to Santiago Medina's house to pick up his little box of money, did not prompt Mogollon to stop his implications, even for an instant. Incredible though it may seem, he did not call upon her to make a statement before writing his proposal to stop the proceedings against the president for lack of evidence. Of course. Evidence is missing when it is not submitted. But, on this point, Mogollon declares: "I am not the one discrediting Maria Izquierdo's statement. It is just that it is well known not to deserve further analysis."

Special mention should be made of the evidentiary evaluation of Pallomari, the cartel's accountant, on the part of the investigator. The latter refers to him as "a certain Pallomari," rating his serious testimony as "mere deductions made by the accountant that a few accounts that he was handling belonged to politicians, and were for the president's campaign." And he concludes by saying that, apart from those deductions, "Pallomari makes no accusations against the president of the republic."

What Mogollon so lightly terms "Pallomari's deductions" might be categorized by other less irresponsible investigators as a confession, as God commands. Only he, because he was the accountant of the Rodriguez brothers, could answer, as he did, the investigators' question regarding the purpose of the item heading known as special LTD4: "Yes, it is a checking account that Mr. Miguel Rodriguez ordered to have opened, to issue money for Ernesto Samper's presidential campaign."

Mogollon also notes that this Pallomari reported that the money was packed in cardboard boxes that were removed on a small plane taking off from a runway near Jamundi, and that a certain Murcillo was receiving them in Bogota. Mogollon claims: "But that is as far as Pallomari's story goes: as far as Jamundi." Once again, the representative-investigator proves to be very slow in putting two and two together. One need only combine this testimony with what has been demonstrated about a certain Mr. Murcillo, currently imprisoned in Bogota, awaiting trial, and with what was stated by Santiago Medina and by Maria Izquierdo herself, concerning the famous boxes. The testimony from all of them could have been useful to Mogollon for learning what happened to the boxes after they reached Jamundi.

To top off his allegation of innocence, Heine Mogollon declares: "In this investigation there is no serious circumstantial evidence, no confession, no documents, and no expert appraisal that would warrant ordering a resolution for accusation."

The 'Mogollization' of the Evidence

According to the Penal Code, to make an accusation it suffices that there be serious indications. There is more than enough of that in these proceedings, and hence Mogollon devoted his efforts to discrediting it. To refresh our memory, we might mention the following:

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- The receipts of the regional treasuries;
- The "narco-cassettes" that Alberto Giraldo admitted as genuine;
- The conversations with the "charming blonde," which Narino Palace itself admits as genuine;
- The participation of Giraldo, Mestre, and Becerra in the campaign;
- Maza Marquez' affiliation at Alberto Giraldo's house;
- Victor Patino Fomeque's presence at Medina's house at the dinner on 17 June;
- The unprecedented flow of money entering the campaign during the runoff election.

The preceding relates to illicit enrichment; and, as for concealment:

- Botero's memo to Samper to oust the prosecutor general, which Samper admitted having received, but for which he never reproved Botero;
- The strange, untimely, and gratuitous appointment of Colonel Osorio to a non-existent post at the Colombian Embassy in Italy;
- The "humanitarian" relationship of the Presidency of the Republic with one of the attorney general's phony witnesses against the prosecutor general.

Mogollon put on and took off his glasses several times during his seven-hour address to the Chamber. And, judging from the results of his investigation, he also must have removed them often during the course of it. As Monsignor Pedro Rubiano mentioned, it was strange that Samper failed to see the elephant. What is incredible now is that Mogollon has not seen it either.

What Lies Ahead

But, at this stage of the game, what is most important to Colombians is not finding out what the "Mogollon big show" was about, but rather what will happen after it. The country has spent two years on case 8000 and, for all legal purposes, it is ending with the Chamber's decision for acquittal. Nevertheless, from a political standpoint, the problems are just beginning. President Samper had always displayed a gamut of five possibilities for what could happen after his acquittal. They were the holding of early elections, the referendum, the government of national unity, the government of Liberal unity, and, finally, his resignation. Of these five options, two are totally dead, and two almost dead. Those already buried are the early elections and the government of national unity. Not even the president, in his infinite optimism, claims that they are possible. The government of national unity lost its chance of existing from the time that the Conservative Party made the decision not to enter it under any circumstances.

The two proposals that are on the verge of burial are the government of Liberal unity and the referendum. None of the Liberal pre-candidates has shown any intention of joining the government. In private, the president expresses the view that, once he has been exonerated, he can change the political environment, and this could lead to his being accompanied by persons such as Humberto de la Calle, Juan Manuel Santos, or Carlos Lleras. Also in private, all three deny that this could happen. Hence, for the time being, any government of Liberal unity seems utopian.

The only thing that President Samper could hope for at present is to simply form a new cabinet, but with a Liberal division and Conservative trappings.

The referendum is not dead, but is in its death throes. It is opposed by business owners, the guilds, most of the ex-presidents, and most of the news media. Generally speaking, almost the entire ruling class is against it. It is backed by the Liberal majorities in Congress and by the majority of the public, which gave it 60 percent support in the latest poll. Generally speaking, the president, having the majority in Congress, could even have a chance of imposing his referendum. The problem is that it would be in opposition to the entire ruling class, including prominent persons such as his defense minister, Juan Carlos Esguerra, who has expressed his disapproval of that constitutional improvisation. And, although the Supreme Court's jurisdictional control over the referendum would come later, it is highly debatable from a legal standpoint whether Colombians could be asked whether or not they want the president to complete the term of his constitutional mandate.

The preceding analysis shows that, of the five options in his gamut, only his resignation is left to him. This does not appear to be coming immediately, and in the depths of his heart Ernesto Samper trusts that his acquittal should prove somewhat useful for making it unnecessary for him to play this last card. Nevertheless, his continuance in power does not depend on him, but rather on three factors: the United States, the economy, and the guerrilla movement.

United States: Anyone who has had any contact with Ambassador Myles Frechette during the past few weeks is clearly aware that Uncle Sam is not fooling. All the stupid acts that the United States has committed in the form of communiques and threats are due to just one reason: its disdain for public opinion in Colombia. The United States Government wants to send a message to the world through Ernesto Samper Pizano: "We do not tolerate presidents who have been elected with

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money from the drug traffic." The purpose of this message is to set an example for the world, using the Colombian case as a scapegoat. And it thinks that the advantages that it will accrue in other latitudes carry more weight in its international policy than the points that it loses with public opinion in Colombia. Therefore, the question is not whether the United States will have a confrontation with Ernesto Samper, but rather whether Ernesto Samper will have a confrontation with the United States. He will surely attempt to neutralize it with a package of drastic measures against the drug traffic. This could help, but it certainly will not be sufficient to command respect for the decision of the Congress.

The economy: Many claim that the economic situation is not bad just because of the political crisis. However, what no one disputes is that it is becoming worse. And, although factors such as high interest rates are primarily responsible for the sharp decline, it cannot be denied that the uncertainty as to whether or not the government will fall has paralyzed decisions on the part of business owners. They are so paralyzed that, even if Ernesto Samper should fall tomorrow, 1996 will be a bad year. Not even a change in government would suffice to rapidly correct a downward economic trend. The figures are not catastrophic, but they are certainly unusual for the dynamism of the Colombian economy. It is calculated that the growth this year will be about 3 percent, provided that there are no economic sanctions on the part of the United States. If there are, the figures would be worse.

The guerrilla movement: Colombians are so obsessed with case 8000 that they sometimes overlook the problem of subversion. Just as it was claimed that Antanas Mockus could see, from his balcony, the rise in his prestige while that of the ruling class was falling, something similar is happening to the guerrilla movement. The latter is seeing the debilitation of a totally polarized ruling class, which has lost much of its legitimacy during case 8000. With what authority can the government talk about the "narco-guerrillas" when the whole world is talking about the "narco-government" in Colombia? If anything happened in the country during the past 10 years, it was the guerrilla movement's loss of legitimacy. With presidents, ministers, and congress members accused of "narco-financing," the forces in the mountains are becoming automatically relegitimized.

Ernesto Samper's resignation does not depend on Hernando Santos and Julio Mario Santo Domingo, but rather on Clinton, "Tirofijo", and the housewives, who are the ones suffering from the economic crises. None of these three factors will tend to improve with the "Mogollon big show." On the contrary, they could become worse.

Ecuador

Ecuador: Brazilian Envoy Denies Troop Presence on Border

PY0706034496 Quito Voz de Los Andes in Spanish 2300 GMT 6 Jun 96

[Report by Loyda Carriel]

[FBIS Translated Text] Brazilian Ambassador to Ecuador Osmar Choffi has denied reports on the presence of Peruvian and Ecuadoran troops in the Amazon border zone. He said that the MOMEP [Ecuador-Peru Military Observers' Mission] comprises not only the four guarantor countries of the Rio de Janeiro Protocol, but also Peru and Ecuador. He also noted the Peruvian and Ecuadoran political decision to overcome the problems affecting the peace process:

[Begin Choffi recording] In this kind of process there can always be different interpretations. But what I wanted to point out is that the most important thing is the political will to make progress in dialogue, that there is political will to overcome any episode that might adversely affect the process. When I say political will, I mean that if there is a decision to overcome small obstacles, the process will move forward, as it has been positively progressing over the past few months.

[Unidentified reporter] [question indistinct]

[Choffi] I will not make any comment on the very respectful remarks made by the defense minister. What I have always wanted to point out is that the process is making progress under the normal circumstances that characterize this type of process. [end recording]

Choffi stressed the prevailing political will to overcome the problems for the development of the peace process. He declined to comment on the statement made by the Ecuadoran defense minister, who said that Peru is hindering the peace process.

There are no Peruvian or Ecuadoran military troops in the demilitarized zone, Ambassador Choffi said, commenting on the Ecuadoran charges that Peru has not concluded the demobilization process, as reported on Monday by General Cesar Durand, the Ecuadoran liaison officer in the MOMEP.

The MOMEP consultative committee met in Quito on 3 and 4 June without replying to the Ecuadoran charges that Peru has not completed the demobilization process and to the charges made by the two countries on the violation of their respective airspaces in May.

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Ecuador: Bucaram, Nebot Lobby For Peasant, Indian Vote

PY0606200896 Quito Voz de Los Andes in Spanish 1700 GMT 6 Jun 96

[FBIS Translated Excerpt] Presidential candidates Abdala Bucaram of the Ecuadoran Roldosist Party, and Jaime Nebot of the Social Christian Party — who will participate in the 7 July runoff elections — are conducting their campaign in several parts of the country, especially in the Andean region where they are trying to obtain the votes of peasants and indigenous people who voted for other candidates in the recent elections.

Today is the deadline for publishing poll results on the two presidential candidates, thus, starting tomorrow the law prohibits the publication of polls. The Supreme Electoral Board has not yet concluded the official vote count of the 19 May general elections.

Political parties are expressing support for one or the other of the two candidates. The Conservative Party will meet tomorrow at 1000 to define its position for the runoff elections. The Democratic Left said it does not support either candidate and has prohibited its militants from conducting political campaign in favor of either candidate but Ruth Herrera de Morales of the Democratic Left is heading a center-left movement in support of Rosalia Arteaga [Abadala Bucaram's running mate]. [passage omitted]

Jaime Nebot has obtained the support Juana Vallejo de Navarro, ex-governor of Guayas, and also ex-presidential candidate Jose Gallardo. [passage omitted]

Ecuador: Nebot, Bucaram Said To Woo Ehlers

96SM0337C Quito EL COMERCIO in Spanish 30 May 96

[Unattributed article: "Shower of Offers to Gain Ehlers' Support"; first two paragraphs are EL COMERCIO introduction — received via Internet]

[FBIS Translated Text] Nebot and Bucaram send letters with proposals. Both favor Indian membership in the cabinet. Nebot accepts the constituent assembly.

Campaign: Yesterday, in the New Country Assembly.

The hopes of Jaime Nebot and Abdala Bucaram yesterday centered on the Assembly of Pachakutik-New Country.

They did so to such an extent that deputy Xavier Neira was present at the function. He was there as Nebot's emissary, carrying a letter to be delivered to Freddy Ehlers.

His presence passed unobserved, at first. He was unnoticed among the Indians, trade unionists, intellectuals, and activists who make up New Country. The Prometeo Theater of the Casa de Cultura was full of people.

Finally, Neira saw Ehlers. He had just delivered the letter when the loudspeaker announced: "Senor Neira, please leave the hall. Conduct your business outside." The deputy left hurriedly.

Nebot said in his letter that he agreed with "the intent, with many ideas, and even with certain nuances" of the proposals on ethics, economy, education, and ecology made by the movement.

The candidate believes it to be "just and fair" to acknowledge that the country is "multiethnic and multicultural from an anthropological point of view — which does not imply division of the state." To give form to these policies, he proposes the participation of Indians, including at the ministerial level.

Nebot realizes that constitutional reform is necessary. "I agree that a constitutional assembly is a reasonable way to accomplish this."

But Bucaram has also sent a letter, which was published yesterday in EL UNIVERSO.

Bucaram proposes in the letter the formation of a government of consensus, with the participation of "progressive political elements and the CONAIE [National Commission for Indian Affairs of Ecuador]."

Bucaram also recommends the creation of a Ministry of Indian Affairs, "whose head would be designated by CONAIE," and the conversion of prefectures into governing bodies elected by the people, so that governors of provinces with Indian populations could be Indians.

Bucaram proposes establishing as official languages Spanish, Quechua, Shuar, and the other Indian languages, and their gradual incorporation into bilingual education.

Following a lively debate, the assembly last night resolved: 1) to reject both candidacies; 2) that no member of the movement can participate in the election campaign or in the future government, whoever is elected; 3) to invite the candidates to debate the theses of New Country; 4) as part of that invitation, to call for a conscious vote. They clarified that this did not mean a vote in favor of one or the other candidates, which means they would support casting invalid ballots or abstaining.

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Ecuador: Pachakutik Calls For Debate of 'National Interest'

96SM0337A Quito HOY in Spanish 31 May 96

[Unattributed article: "Pachakutik Calls for Political Debate" — received via Internet]

[FBIS Translated Text] The Pachakutik New Country Movement has challenged the finalist candidates for the presidency, Jaime Nebot and Abdala Bucaram, to debate matters of national interest and to explain their programs of government openly and clearly.

Conducting a debate would not only enable voters who cast their ballots in the first round of elections for the New Country Movement candidate, Freddy Ehlers, to make up their minds; it would also give the Ecuadoran people in general a clear idea of what will be the effect on Ecuador, depending on which candidate wins.

The New Country Movement confirmed yesterday its decision not to support either of the two candidates. Freddy Ehlers announced that he personally would cast an invalid ballot and that he is even considering not voting at all, "even if there are penalties for not voting." The New Country Movement suggests that the subjects that should be debated by the candidates ought to be related to the country's problems, such as what is to be done with the so-called strategic areas in the context of state modernization and privatization; the multinational state; the calling of a constituent assembly; corruption; ecology, etc.

"Our request is that the two candidates speak their real views; our proposals are fair and necessary to guide the country to better days for all Ecuadorians," said Ehlers.

Ehlers said he would not take part in the debate, but that everyone with definite ideas on the matters to be discussed could do so. He said that Pachakutik, which is preparing itself to become the principal social and political force in the country, will not become a political party, but will continue to be a broad and diverse movement with room for all of society's organizations and citizen groups that make up the country.

Ecuador: Pachakutik's Voting Dilemma Discussed

96SM0337B Quito EL COMERCIO in Spanish 31 May 96

["Analysis": "New Country and Its Gymnastics" — received via Internet]

[FBIS Translated Text] Paradoxical though it may seem, it is not less true: Freddy Ehlers and his New Country Movement lost the chance to move to Carondelet. But, politically, they scored a point they did not anticipate: Jaime Nebot has accepted the idea of a constituent assembly (he calls it a constitutional assembly) — which is the backbone of the New Movement's program. Nebot also accepts one of the Indians' claims, multinationality — for some the most controversial. He tones it down, but the step has been taken. Abdala Bucaram winks at Ehlers' movement in the same way. In this context, this is called winning by losing.

It seems that the Indian movement's time has come, and Pachakutik does not want to waste the opportunity. Its members know that its proposals can become program agreements, and even state policies. Their problem is how to go from proposal to agreement, which involves negotiating with groups that, until now, have been its adversaries. The first reaction was to try to preserve their "purity" by rejecting both candidacies. It is one way to encourage people to invalidate their ballots or to abstain — but without saying so, which would be illegal.

Ehlers and the leaders of New Country are aware, however, that purity is synonymous with ingenuousness, and that politically it is the same as suicide. What to do? In Wednesday's resolution, they challenge the candidates to debate their ideas. Why? So that the voters will be able to make up their minds in what they call a "conscious vote." It is a door they are leaving open to the candidates and to Ehlers' voters. If they invalidate their ballots, they fit the pattern. Likewise, if they vote for one of the candidates. At the same time, they will have forced the two candidates to commit themselves to the New Country's theses. So that who knows whether one or more ministries might not become available along the way?

Thanks to these gymnastics, New Country leaders are managing the great contradictions that the movement is experiencing. The heated discussion that took place Wednesday during the assembly was not gratuitous. It is understandable: The petroleum industry unions (who know all about the old politics) are bitter foes of privatization, which brings them closer to the PRE [Roldosist Party of Ecuador] on this point. Others — New City of Cuenca and the ecologists, for example — are new to the political scene, and their specialty is rejection of the traditional political system... Which is to say, they cannot imagine being with the PSC [Social Christian Party] or the PRE.

To say "conscious vote" and call for a waiting period is clever. But Ehlers is travelling through territory where he could wind up with nothing.

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Ecuador: Mayoral Winners Described

96SM0337D Guayaquil VISTAZO in Spanish
23 May 96

[Article by Cecilio Moreno Mendoza, Jorge Duran and Fausto Yepez: "Mayors For the New Century" — received via Internet]

[FBIS Translated Text] The destinies of the ten most populous cities in the country will be in their hands. They will lead their people into the start of the twenty-first century.

Leon Indeed Could

The final surge of Roldosist Alfredo Adum Ziade was not enough to endanger the reelection as Guayaquil's mayor of ex-President Leon Febres-Cordero. The reason is simple: Leon came through. Guayaquil valued the change in image of its district and its city. The thousand and one problems that plagued the two Roldosist administrations that preceded Febres-Cordero are still remembered. The extensive public works of these four years are undeniable.

Two months before the election, the polls portrayed a mayor who would be reelected by 86 percent of Guayaquil's votes. There was every reason to believe that he would surpass the record achieved by Luis Robles Plaza 39 years ago. The situation turned worrisome following a poorly explained municipal disposition to legalize the possession of 130,000 lots occupied by 346 housing cooperatives all across the city. An agreement between the city of Guayaquil and the heirs of Juan X. Marcos, owner of the El Guasmo ranch, was particularly exploited by the Roldosist candidate.

The opposition strategy was to encourage the idea that, the day after the election, Febres-Cordero would order the demolition of the dwellings and the expulsion of the thousands and thousands of families who live in those areas. The municipality had to employ entire newspaper pages at the last minute to explain to the people of the nation's largest city the real purpose of the disposition. Thus, Adum was able to garner more than 20 percent of the vote, which had seemed impossible, and Leon was not able to beat Robles Plaza's record. Nor was he able to swing his entire vote behind his party's presidential candidate, Jaime Nebot.

An Overwhelming Trolley

The greatest achievement of Quito's mayor, Jamil Mahauad Witt, the trolley-bus, became the reason for his victory, as well as the reason for the defeat of his main rival, ex-Prefect Federico Perez Intriago.

From the start of his administration as mayor, Mahauad directed his efforts toward solving the city's greatest problem: transportation. City traffic had become chaotic on the long 10 de Agosto avenue. The thousands of buses, many of them with more than 20 years of service, not only jammed traffic, but also polluted the air breathed by Quito's citizens. The solution was to build a massive transportation system that eliminated pollution. At the same time, 1,200 old buses were kept out of circulation and great alternate routes were built to complete the ring of roads around the capital.

A bad political calculation ended the exaggerated expectations of ex-Prefect Federico Perez. After a shaky start due to the questionable installation of a lottery in Pichincha, he recovered noticeably when he began to fulfill his promises in the allotted time. An overestimation of his popularity led him to take on the mayor in a kind of primary election, according to observers, in order to position himself for the presidential candidacy in the year 2000.

But Mahauad was solid. Even a strike by transport workers, who tried to paralyze the city, worked in his favor. His victory by an absolute majority now makes him Popular Democracy's most viable option to aspire to Carondelet in four years.

New City in Cuenca

A month and a half of campaigning was enough for the political myth — which Xavier Munoz Chavez had become — to be destroyed by a real "outsider," who came through with the support of peasant organizations, foundations, university groups, and professionals. The mayor-elect of Cuenca is Fernando Cordero Cueva, of the New City Independent Movement, who achieved a great electoral surprise with his victory.

Aged 43, an architect, and as such an urban planner and technical adviser to several of the country's municipalities, he began his political career when the MPD [Democratic People's Movement] was born, from which he later withdrew. He says he returned to politics because he believes that, if one does not indulge low passions or political intrigue, its practice "humanizes man in order to serve mankind."

With a campaign poor in resources, he began to chip away at the current mayor's support. He started by questioning the ethics of the use of local powers, and accused the mayor of having silenced the "proud voice" with which Cuenca had always made itself respected by all governments. Xavier Munoz's over-confidence led him to say that "no other candidate causes me to lose any sleep."

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The Strength of the Minuches

The political heir of his father of the same name, and the beneficiary of the administrative of his sister, Teresita de Mera, the reelected mayor of Machala is Roldosist Mario Minuche Murillo.

He narrowly won election four years ago against Miguel Castillo. He has now repeated the victory over Castillo, but with a difference of more than 20 percent of the votes counted. There are many reasons. Despite belonging to an opposition political party, he obtained more help than he himself expected. His conservative sister's actions were fundamental. She obtained funds for her brother's use, first from Congress where she was a deputy, then from the vice presidency of the republic. Paving 44 kilometers of streets and supplying potable water to 88 neighborhoods was very important.

Mario Minuche also did not forget to ingratiate himself with the most influential sectors of the capital of the banana industry. He obtained the support of the productive sectors to conduct studies for the land transportation terminal and maintenance of the city's parks.

There Is Nothing Like Zaracay

Deputy for Pichincha in the previous Congress and a well-known radio broadcaster, Holger Velastegui Dominguez entered politics two years ago with the Social Christian Party [PSC]. He liked the platform of Jaime Nebot, with whom he "gets along well...because, with him, he does what he says."

Velastegui's message reached Santo Domingo's citizens, thanks above all to the broadcasts of his Radio Zaracay, which covers most of northern Ecuador. People see in don Holger the man who has been connected to the city's progress and has believed in its development for the past 40 years.

Born in Quisapincha, province of Tungurahua, he established himself in Santo Domingo in 1959, when the then parish never dreamed it would become the country's fifth most populous city.

He promises three things: "potable water, a clean city, and to plan the city's growth with a view to the future." His principal rival was acting Mayor Ramiro Gallo, who faced praise and criticism during his administration over the construction of a new municipal hall as well as the relocation of a gas bottling plant.

Rector of the Royal Tamarinds

"I became rector of the Technical University of Manabi [UTM] in a difficult situation, and since then we have managed to make UTM different in every way. For anyone in the country who cares to see, the change is total." This is the principal letter of introduction of Roldosist doctor Guido Alava Parraga, rector of UTM and new mayor of San Gregorio de Portoviejo.

He entered politics two years ago as a Liberal Party candidate for deputy. In Congress, he obtained "funds for the universities and extrabudgetary allocations to complete the administrative faculty building, as a member of the budget committee." He left the Liberal Party because of the disorganization in the party's leadership in Manabi. He says he sought out the PRE [Roldosist Party of Ecuador] because he wanted a solid political base from which to face the Social Christian candidate, Vicente Mendoza. Alava won with 40 percent of the vote. "We are taking over a city administration in ruins, but that is the challenge. The university crisis was worse, and we were able to change it."

Luis Fernando's Land

The country knows him as the Social Christian deputy from Tungurahua. His ability to think on his feet and his clear and coherent speeches enabled him to become spokesperson of the legislative bloc of his party. This is how he learned about the country. He is a native of Ambato who, at 33 years of age, is already a veteran of politics. He has just won reelection by an absolute majority in the city of his birth. We are talking about Luis Fernando Torres.

He is a doctor of laws from the Pontifical Catholic University of Quito, has a master's degree in politics from a prestigious London university, and is a recognized expert in matters involving the European Community and the Andean Pact, by Louvain University in Belgium. He met Leon Febres-Cordero when he went to work in the legal office of the presidency of the republic. "I admire him very much," says Torres.

Opposed to him are the moneyed sectors of Tungurahua's capital, perhaps smarting from the increase in property taxes: "they increased only for the well-off. I did not touch the poor." During his mayoralty and even more during the campaign, he had one unfailing supporter: Ambito's most important newspaper, EL HERALDO, is owned by his father.

From Rags to Riches

They say that 32 percent of Manta's citizens believe in engineer Jorge Zambrano Cedeno, because he has proved to be a good administrator in his private life. Heir to a family business that was on the verge of bankruptcy, he raised it up until it became one of the most prosperous of Manta.

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Affiliated with the PSC, although he does not admit it publicly, he began his campaign for mayor very early. Using his firm's letterhead, Ferruza, he set out to accomplish various works in poor neighborhoods. According to Zambrano, the reason the PSC selected him as a candidate was because of the love he showed for his home town. His adversaries claim that the latter important works were carried out with money, equipment, and workers from the Provincial Council. Zambrano says he never passed the bills to his party colleague, the prefect.

A Pediatrist for Duran

The cradle of the railroad industry has experienced the country's highest rate of population growth in recent years. Until 1970, the year in which the National Unity Bridge was inaugurated, Duran was a small town characterized by railroad activity and by large warehouses full of products that would be marketed in the country's interior. Growth was very rapid: from a rural parish, it became a suburb of Guayaquil; and in 1987 it was already a new canton of Guayas province.

The first mayor of Duran was Social Christian Luis Santos, who defeated Roldosist doctor Marco Penaherrera by a narrow margin four years ago. Electoral fraud was even mentioned. With that precedent, Penaherrera ran again under the slogan "now without fraud."

Lister Repeats the Miracle

At the request of doctor Angel Duarte, Engineer Lister Andrade Ortega entered politics in 1988 as a member of the CFP [Concentration of Popular Forces], taking third place in the race for the mayoralty. Four years later, as a conservative, he won by a narrow margin against Social Christian Oscar Gonzabay. With conservatism discredited, Andrade decided to run for reelection as an independent at first, and later joined the PSC, relegating Gonzabay to a congressional seat that he did not accept. As matters stood, he was reelected as a Social Christian, winning again by a narrow margin over the now independent Oscar Gonzabay.

Andrade is credited with having changed the image of Milagro. While the mayor concerned himself with attracting investors, paving streets, and preventing floods, his wife Margaret was busy planting trees and "beautifying the city," as his opponents said. Clear evidence of investor trust in the city is the presence of six new banking entities and the proximate opening of branches of prestigious chains of restaurants and supermarkets.

Prefect Surprise

One of the surprises during the last election was Rafael Reyes Uribe. He became the prefect of Pichincha, defeating the Social Christian candidate, Marcelo Dotti, who was believed by poll-takers to be an unbeatable candidate.

Reyes was born in Quito in 1948. He is a descendent of the ex-President of Colombia General Rafael Reyes (1904-1908), and descendant through the maternal line of Ecuadoran General Leonidas Plaza Gutierrez. He is married to Johanna Klein, a Colombian, and has two children. He studied economics in England and Germany and devoted himself primarily to agriculture. In 1992, he created the foundation "Conserve and Create" for small-business development projects.

For two years he has conducted studies for the construction of inexpensive housing. His most influential proposal was the construction of inexpensive housing for those with a monthly wage of 190,000 sucres. He is also offering other infrastructure projects for the province. If he does not deliver, his popularity will collapse.

Paraguay

Paraguay: Oviedo Registers New Political Movement

PY0606150696 Asuncion NOTICIAS in Spanish 15 May 96 p 17

[FBIS Translated Text] Members of the press yesterday tolerated ill-treatment, pressure, and threats issued by followers of retired General Lino Oviedo, just as in nearly all acts and meetings where the general is present. Oviedo's followers did not lose a single opportunity to harass and threaten those of us who wanted to get some remarks from their leader. The scene was repeated yesterday when the new movement headed by Oviedo called National Unity of Ethical Colorados (Unace) registered as a movement at the ANR [National Republican Association-Colorado Party]. The ill-treatment of journalists who covered the ceremony went beyond the words and pushing. Two women even issued death threats against television reporter Silvia Carvallo.

Wasmosy Only Saw Ghosts

Oviedo said during a news conference, as in all other statements to the press before, that he was above reporters because "he had more titles." However, when he needed to handle hot "potatoes" (questions) that burned his brains, as questions referring to the week of crisis, he received the whispering advice of his wife, who was standing right behind him. During part of the controversial dialogue — if it can be so described — Oviedo stressed, after praising his new movement, that the coup attempt he was being held responsible for was only a "rumor." President Wasmosy only saw

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and showed ghosts. He said he had never ordered a self-confinement to barracks. "We have some 12,000 or 15,000 individuals as witnesses. They can come to court to testify to this effect (referring to Cavalry soldiers). He denied having ordered an attack on the presidential residence or Government House. "I do not need to do that. You would realize Gen. Oviedo had decided to stage a coup after it concluded," Oviedo said.

It was impossible to get him to say a single word afterwards because besides the Oviedoist mob harassing the press, he was advised (always from his side) to say that he could not comment about this or that point because he was waiting to testify in court.

Venezuela

Venezuela: Plan To Promote Development of Border Region

PA0606235896 Caracas EL NACIONAL in Spanish 2 Jun 96 p D4

[Report by Adela Leal]

[FBIS Translated Text] The Venezuelan defense minister has proposed the participation of the private sector in initiatives to control the origin of capitals in the border areas between Colombia and Venezuela as a strategy to guarantee the legality of the money invested in border areas and, at the same time, to promote investment operations.

The proposal is contained in the so-called Border Administration Plan [Plan de Gestion Fronteriza] Defense Minister Moises Orozco Graterol submitted recently to Congress for its consideration.

The overall purpose of this plan is to contribute to the sustainable development of the area, and its specific objective is to clean up the border, which has become the favorite and strategic spot for drug traffickers, money launderers, and all types of illegal operations carried out by individuals because of its geographically isolated position.

The proposition lies within the economic framework of the proposed Border Administration Plan and calls for the promotion and evaluation of business agreements between Colombia and Venezuela, thus contributing to their public and private activities as well as the control of the origin of capital with which an attempt is made to encourage Venezuelan and foreign investors in the area, bearing in mind the comparative advantages of the region. The plan also includes the establishment of tax incentives and the creation of areas for customs and special tariff controls.

The economic features of the plan also include the allocation of necessary resources for border organizations that implement projects for the construction and maintenance of infrastructure works to take care of the region's priority problems and services.

What is the Border Administration Plan?

It is a project encompassing a series of executive branch policies meant to be implemented between 1996 and 1999 with the idea of promoting the development of the border area in southwestern Venezuela through the creation of basic infrastructure conditions in the political, social, economic, and military order.

The estimated initial investment for its development is approximately 46 billion bolivares.

The initiative calls for a coordinated action of the various central and regional government organizations involved in the matter with the intention of creating a team work culture that can contribute to the diagnosis, planning, evaluation, and control of the problems adversely affecting the government's action along the Venezuelan-Colombian border.

The plan in question outlines a series of criteria and actions, the definition of which will depend on the diagnosis, which are necessary for the achievement of the proposed objectives.

Political Aspect

— The implementation of instruments and incentives in legal, fiscal, economic, and security matters to promote the population of the border.

— Implementation of mobilization systems in the area in case of emergency situations with the cooperation of regional authorities. To achieve this, they propose the establishment of specific guidelines, the implementation of which is compulsory for the integration process.

— Enactment of special legal norms for dealing with crimes and violations, in accordance with the Organic Security and Defense Law, in border security areas.

— The establishment of norms and regulations to guarantee the peace of the people of the area in accordance with the selection, adaptation, and integration of the Colombian border population. Special and specific actions also will be adopted for the treatment of the Indian population.

— To create permanent control and evaluation procedures, both regionally and nationally for a follow-up of these projects.

Social Aspect

Includes a series of actions to provide regions with the service infrastructure in the areas of health, education,

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communications, transportation, housing, and essential public services.

Health

— Construction, recovery, and equipment of health clinics and centers.

— Vaccination drives, preventive health programs, and the fight against epidemics.

— Provide incentives for medical personnel through salary compensation mechanisms.

Education

— To develop a program for the construction, recovery, and maintenance of elementary schools, providing them with the necessary technical-academic material.

— To reorganize the curriculum for preschool, elementary, special, and adult education in order to bring it up to date in accordance with the needs and characteristics of each region and ethnic group.

— To create educational programs for the strengthening of national and regional values and to establish salary incentives for teachers and administrative personnel who provide their services along the border.

Housing and Communications

— To promote housing developments by means of the construction of housing units, bearing in mind the climate conditions of the region, efficiency, and cost.

— Creation and expansion of the land, air, and river communication networks to facilitate the flow of the activities required for the region's development as well as telecommunication services, radio and television networks, capable of motivating the media into including messages for the projection and defense of cultural aspects and the values of our Venezuelan heritage.

Public Services and the Environment

— To provide the border communities with the proper infrastructure of public services such as street lighting, potable water, sewage disposal, communications, sports, and protection of citizens.

— To apply as much as possible the existing laws for the protection of the environment to prevent repeated violations of the region's ecological resources.

The Border Administration Plan constitutes the first step of what will become the Border Development Program Law that Border Affairs Minister Pompeyo Marquez will submit to the National Congress.

Meanwhile, General Orozco Graterol, who is about to retire, will be leaving behind a civilian solution that is an effort in conjunction with military actions to stop border crime and strengthen our territorial security and defense.

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